



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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by
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HB 1299 – RELATING TO NON-GENERAL FUNDS

Chair Luke, Vice Chair Cullen, 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, 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. Elimination of these special funds would place the burden to fund their programs onto the general fund and would compromise the delivery of these public services. Additionally, many of these funds and fund balances come from revenue paid by users for specific services.

The UH's funds are listed in Part VI of the bill. The following funds are proposed to be abolished by this bill:

- Risk Management Special Fund
- Mānoa Malpractice Special Fund
- Tuition and Fees Special Fund
- Systemwide Information Technology and Services Special Fund
- Library Special Fund
- Community Services Special Fund
- Auxiliary Enterprises Special Fund
- Scholarship and Assistance Special Fund
- Community Colleges Special Fund
- Center for Nursing Special Fund
- State Aquarium Special Fund
- West O'ahu Special Fund
- Revenue Undertakings Fund
- Cancer Research Special Fund
- Energy Systems Development Special Fund
- Mauna Kea Lands Management Special Fund
- John A. Burns School of Medicine Special Fund
- Capital Improvements Program Project Assessment Special Fund

- Child Care Programs Special Fund
- Intercollegiate Athletics Special Fund
- Hilo Theatre Special Fund
- 'Ulu'ulu: The Henry Ku'ualoha Giugni Moving Image Archive of Hawai'i Special Fund
- Green Special Fund
- Graduate Application Revolving Fund
- Real Property and Facilities Use Revolving Fund
- Hawai'i Educator Loan Program Revolving Fund

To follow is additional information as to the status of these funds and the implications for repealing the fund that supports specific programs:

Risk Management Special Fund

The Risk Management special fund supports the costs and expenses associated with the administration and operation of the risk management program, including but not limited to insurance premiums, retention payments, claims administration and operation, settlements, payment of judgments, other obligations, and legal fees and costs.

The State of Hawai'i and its departments are self-insured – including, the UH. The objective is to be a self-sustaining fund with a minimum cash balance of \$5,000,000 to meet risk management related expenditures in a timely manner as recommended by an independent actuarial. Unencumbered cash balance can vary greatly from year to year depending upon how many settlements or claims of loss are received each year. The impact of taking these funds will compromise the UH's ability to defend itself in current litigations, settlements, payment of judgements, maintain and pay for insurance premiums, and any other legal fees and costs of defense to the UH. If this fund was eliminated, the cost to fund UH litigation and insurance matters will be an expense on the general fund.

Mānoa Malpractice Special Fund

This fund serves to maintain a reserve to cover expenses related to malpractice claims filed against the John A. Burns School of Medicine (JABSOM) faculty physicians.

If this fund is repealed, malpractice liability insurance would need to be covered by using operating funds which are already strained or from the State General Fund.

Tuition and Fees Special Fund (TFSF)

This fund collects tuition revenues collected by the UH for regular and summer credit courses, continuing education credit tuition, and fees related to specific academic disciplines and student life activities. Balances in this fund are comprised of tuition and academic fees charged to students at specific campuses.

UH MĀNOA – TFSF represents about half of Mānoa's operating budget, supplementing general fund support from the legislature. This helps to pay for the staffing and operating costs that are not appropriated by the legislature to respond to the higher education needs of the State.

UH HILO – If TFSF is repealed, UH Hilo will need additional general funds and positions to meet its operating needs. TFSF allows the UH to respond to fluctuations in student enrollments and student demands for specific programs on a timely basis and helps with multi-year planning. We would not be able to accomplish this through the general fund appropriation process. This fund enables the UH to use carry-over balances to fund repair, improvement, modernization and deferred maintenance projects that are not included in the Capital Improvement budget. The UH needs the ability to accumulate a cash reserve to fund this type of non-recurring costs. It will also be problematic because UH Hilo is not allowed to have general fund encumbrances at year-end. Service and construction contracts tend to span over multiple fiscal years. Tuition revenue is also used to pay for the debt service of the Daniel K. Inouye College of Pharmacy building.

UH WEST O'AHU – Should HRS 304A-2153 be repealed, UHWO will be unable to continue its mission to offer a distinct and accessible student-centered education that focuses on the 21st Century learner and fosters excellence in teaching, learning, and service to the community. Without this revenue source, debt service payments will be unmet (\$68M in revenue bonds were issued to build the campus), student need-based aid supported with tuition revenue (12% of revenue, approx. \$2.3M) will not be provided, campus repairs and maintenance needs will be unmet, as well as other critical campus operational needs such as utilities, personnel, professional development, information technology, and student support services. Should general funds be provided, UHWO 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.

COMMUNITY COLLEGES – Act 161, SLH 1995, created TFSF to cover base operations in lieu of general fund appropriations that had previously covered all general operating requirements. The TFSF currently covers a significant portion of overall operating costs and repealing this fund will leave the campuses without sufficient funding to operate.

SYSTEMWIDE – The impact of taking these funds will cause hardship to campuses of centrally held reserve requirements pursuant to Act 236, SLH 2015, debt service obligations, and recurring Systemwide IT support, services, and upgrades required to maintain current service levels. It will also impair our ability to respond to emergency and unbudgeted expenses as well as to make investments to diversify the UH's revenue.

Systemwide Information Technology and Services Special Fund

The fund's intent is to support systemwide information technology and services including personnel, equipment costs, and other expenses, as well as planning, design, and implementation of information technology infrastructure within the UH.

The impact of taking these funds will have serious consequences for the entire UH. These funds support payroll and other operating expenses, including the maintenance the UH's core IT operations and statewide networks which is especially critical to keep our delivery of online classes for all ten campuses. Software licenses and asset maintenance is crucial just to maintain the current level of service. This fund also pays for the high cost data center environment (UPS, generators, data center HVAC, fire suppression, security).

Library Special Fund

This fund is used to deposit and expend moneys for the library operations. Fines, fees and other revenue derived from the library's operation are deposited into this fund. The funds are expended to replace or repair lost, damaged, stolen or outdated books, serials and periodicals or to support and improve the services provided by the library to the students, faculty and public.

Subscription and other operating costs funded by the library fees would have to come from the general fund appropriation. As more services are used, these fees help to respond to the needs of the users of the library system. Repealing the Library Special Fund will negatively impact the Library's ability to replace lost or damaged materials.

Even if general funds are provided, campuses 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.

Community Services Special Fund

UH MĀNOA – The fund is used 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 – The fund is used to support public service programs and to account for revenue and expenses to provide public service programs such as professional development & 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, and does not currently rely on State general funds.

UH WEST O'AHU – The funds is used 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, UHWO 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.

Auxiliary Enterprises Special Fund

UH MĀNOA – Fleet Services. The purpose of the UH at Mānoa Fleet Services (UHFTS) is to provide the means for safe and economical transportation for the personnel of UH units requiring the use of vehicles in connection with official UH business. UHM Fleet Services is responsible for the acquisition, purchasing, leasing, and replacement of State-owned vehicles assigned to the UH. UHFTS also provides a standardized preventive maintenance schedule and repair and maintenance services. The UHM Fleet Services fund is established under HRS 304A-2157 UH Auxiliary Enterprises Special Fund.

Auxiliary Services Administration. The Auxiliary Services Administration account, which was created under HRS 304A-2157 University of Hawai'i Auxiliary Enterprises Special Fund, is used to account for administrative overhead expenses of the Auxiliary Services programs. An annual transfer-out is processed at fiscal year-end to these programs for their calculated share of the expenses.

Majority of the balances in the Auxiliary Enterprises Special Fund at Mānoa is for K. Iki Faculty Housing. This includes repair and replacement reserves, operating reserves, and deposit repayments. Not having this fund would mean these funds would have to come from general operating funds which are already constrained. This would also impact our Fleet Services which provides units with vehicles for use instead of them having to purchase their own. This would cause increased maintenance costs and potentially have idle assets when they could be more efficiently and effectively be used. Smaller programs such as the Art Galleries and Theatre program would also be affected as they would lose the basis for collecting funds for operations.

JABSOM – This fund was created for the operation of the Hyperbaric Treatment Center which was transferred from the Department of Health to the UH in 1998. If this fund is repealed, it is unclear how this service would continue to operate.

UH HILO – The purpose of this fund is to record revenues and expenditures to provide services to students, faculty, staff and others that are ancillary to, but facilitate the instruction, research and public service missions of the UH (e.g., vending services).

UH Hilo will need additional general funds and positions to cover the cost of providing ancillary services that facilitate instruction, research, public service and student services. The programs operate on a fee basis and is required to produce enough revenue to cover the cost of producing and providing the goods and services. The programs are required to be self-sustaining, and currently have no reliance on State general funds.

Without the ability to collect revenue for campus auxiliary services, campus will be unable to meet the needs of a growing campus and community. Technology upgrades and maintenance would be crippled in a time where technological growth is a priority. 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.

SYSTEMWIDE – The Animal and Veterinary Services (AVS) has system-wide responsibilities for overseeing the health and well-being and clinical care of all vertebrate animals as required by United States federal law.

The impact to taking these funds will terminate the research involving animals at the UH and to be in non-compliance with Federal law (PL 99-158, PL 89-544 and its amendments) which provides the statutory basis for the U.S. Department of Health and Human Services Public Health Service (PHS) Policy and the U.S. Department of Agriculture, Animal Welfare Regulations (AWR). The fund currently has approximately \$57,000 in reserves for capital improvements for the vivarium and 2-

month reserve for payroll and operating funds pursuant to the UH's Regents Policy 8.203.

Scholarship and Assistance Special Fund

The fund shall be used to provide financial assistance to qualified students enrolled at any campus of the UH. It is administered pursuant to the authority of the Board of Regents, as specified under section HRS 304A-2159.

SYSTEMWIDE – The B+ program provides needy graduates of Hawai'i Public High Schools who have a minimum cumulative grade point average of 3.0 (B+) or higher and meet other criteria of the B+ program, priority consideration for coverage under this scholarship.

UH MĀNOA – If both the Tuition and Fee Special fund and the provisions in the Scholarship special fund do not exist, then several BOR policies will need to be modified to specify the new source of funding for "tuition" based scholarship aide or the amount of financial aid for financially needy and merit based scholarships will decrease tremendously, significantly reducing higher education opportunities for students.

UH HILO – General funds must be appropriated at the current level of student aid disbursed and is dependent on the amount of tuition revenue generated in the previous academic year.

UH WEST O'AHU – By repealing this HRS, scholarships to students will be severely affected. Per Executive Policy 6.204, a minimum of 12% of tuition revenue shall be awarded in need-based aid to students and tuition assistance shall also be provided for non-need based aid to students. Without this financial assistance, many students will be unable to afford a higher education.

SYSTEMWIDE – The impact to taking these funds reduces support to Hawai'i students who achieve academic excellence through the B+ scholarship. Academic achievement scholarships are much more limited than need base financial aid.

Community Colleges Special Fund

Section 304A-2162 establishes the fund to receive, disburse and account for all revenues and expenses associated with conducting various programs and activities including non-credit continuing education programs, cultural enrichment programs and summer session.

The Community Colleges Special Fund (CCSF) covers hundreds of revenue generating programs and activities across seven campuses. The programs and activities include workforce and vocational training programs, non-credit education, cultural enrichment, credit summer programs, facilities use, library services, parking and various auxiliary operations that are essential to running Community College campuses. The CCSF is used to receive, disburse, and account for all of the revenues and expenses associated with this wide array of programs. Because these programs operate as independent self-sustaining revenue centers, repealing this fund will effectively terminate these programs unless alternative recurring funding sources are identified. The termination of these programs will cripple the campuses and prevent the Community Colleges from responding to critical State needs, such as providing short-term workforce training to address the recent spike in unemployment.

Center for Nursing Special Fund

The Center was established by the Legislature in 2003 to address issues related to the State's current and future shortage of registered nurses and others within the health care workforce who provide nursing care. The Center for Nursing is required to: collect and analyze data and prepare and disseminate written reports; conduct research on best practices and quality outcomes; develop a plan for implementing strategies to recruit and retain nurses; and research, analyze, and report data related to the retention of the nursing workforce.

If the activities of the Center for Nursing are still required and the fund is repealed, then funding would be required from the Legislature since the fees would go to the general fund.

State Aquarium Special Fund

To offset the shortage in the operating budget of the Aquarium that resulted from the inadequate level of general funds allocated to it, and thereby maintain the Aquarium operational.

This fund is currently in deficit and the Aquarium is currently working on plans to replenish the fund once operations can return after the pandemic subsides. If this fund is repealed, there would be increased general fund appropriations required to support the Aquarium.

West O'ahu Special Fund

This fund is to be used for: 1) Planning, land acquisition, design, construction, and equipment necessary for the development of the permanent campus of the UH-West O'ahu; and 2) Planning, land acquisition, design, improvement, and construction of infrastructure and other public or common facilities necessary for the development of the permanent campus of the UH-West O'ahu in Kapolei.

This fund is needed as a vehicle to handle the sale, lease, licenses, permits derived to support necessary development of infrastructure and facilities necessary to grow the UH West O'ahu campus to serve Kapolei/West O'ahu. 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.

Revenue Undertakings Fund

Established in 1971, this fund accounts for moneys received from all revenue producing UH projects or systems. The fund continues to serve its original purpose. Funds are used to: (1) support the construction, operation, repair and maintenance of UH projects or systems; (2) pay for all revenue bonds and interest; (3) reimburse the UH for expenses incurred in issuing revenue bonds; (4) reimburse the State general fund for all general obligation bond requirements issued for a UH project or system; and (5) provide a reserve for betterments, improvements, renewals, and replacement of UH projects or systems.

UH MĀNOA – These programs include the Campus Center Facilities including the Warrior Rec Center, Cancer Center, UH Bookstore, Parking, University Housing, and UH Telecomm.

Closing the fund would put the UH's bond fund in jeopardy since the revenues from these programs fund the revenue bonds for those respective funds. These operations are supposed to be self-sustaining to fund their operations, repair and replacement and debt service obligations. Without this fund, the UH would be in violation of the bond covenants unless other funding would be provided to satisfy those requirements.

UH HILO – UH Hilo will need additional general funds and positions to support the cost of operating the Student Housing and Food Service operations. Pursuant to Executive Policy 2.212, University Bond System projects are required to maintain a debt service reserve sufficient to pay the maximum annual debt service due in the succeeding 3-year period and a repair and replacement reserve which receives annual contributions equal to 50% of the its depreciation expense for the preceding

fiscal year. If this fund is repealed, UH Hilo will not have the funds to pay for debt service on revenue bonds and will not be able to accumulate reserves for renewal and replacement costs for Student Housing and the Daniel K. Inouye College of Pharmacy. UH Hilo must have the ability to respond to fluctuations in the number of students residing on campus by accessing carryover cash balances.

UH WEST O'AHU – By repealing this HRS, the campus will need to seek alternatives to meet its debt service obligations. Payments average \$4.3 net of BABS per year as a result of the \$68M revenue bond to build the campus.

COMMUNITY COLLEGES – The fund provides the means to pay for debt service obligations associated with various revenue bond funded projects. If repealed, the requirements set forth by revenue bond covenants will not be met.

SYSTEMWIDE – The impact of taking these funds would cause the UH to be in non-compliance under HRS 304A subpart D of part VI. A self-insurance reserve balance of \$1.5 million is required by the University's Bond Covenants/University Bond System self-insurance fund, Section 6.10.

Pursuant to Executive Policy 2.212, University Bond System projects are required to maintain a debt service reserve sufficient to pay the maximum annual debt service due in the succeeding 3-year period and a repair and replacement reserve which receives annual contributions equal to 50% of the its depreciation expense for the preceding fiscal year.

Cancer Research Special Fund

The moneys in the special fund shall be used by the UH for the cancer research center of Hawai'i's research and operating expenses and capital expenditures.

Without the special fund, the Cancer Center will lose their secondary source of funding, particularly the amount that funds the revenue bonds which paid for the Cancer Center complex. The other portion of the fund pay for their operating costs and repair and replacement liabilities. Repealing this fund would significantly hamper activities at the Cancer Center.

Energy Systems Development Special Fund

The purpose of the fund is to develop an integrated approach and portfolio management of renewable energy and energy efficiency technology projects that will reduce Hawai'i's dependence on fossil fuel and imported oil and move Hawai'i toward self-sufficiency.

If the Barrel Tax funding is not available from the fund, and federal grants are also not awarded to the UH, fewer of these types of activities would be possible.

Mauna Kea Lands Management Special Fund

The purpose of this fund is to account for revenues and expenditures relating to managing the Mauna Kea lands and enforcing the administrative rules. Revenues include leases, licenses, permits, fees and fines. These revenues will be used for maintenance and administrative expenses as well as expenses related to enforcement of the administrative rules.

UH Hilo will need general funds to cover the cost of maintaining the Maunakea lands, enforcing the administrative rules and paying OHA for its pro rata share of receipts generated from the use of the public land trust (Act 178).

John A. Burns School of Medicine Special Fund

To maintain accurate physician workforce assessment information and provide or update personal and professional information to be maintained in a secure database. This information will be vital in forecasting and proactively addressing physician workforce shortages in Hawai'i.

If the activities of the Physician's Workforce program are still required and the fund is repealed, then funding would be required from the legislature since the fees would go to the general fund.

Capital Improvements Program Project Assessment Special Fund

UH MĀNOA – If the activities of the CIP Project assessment program are still required and the fund is repealed, then funding would be required from the legislature since the fees would go to the general fund.

UH HILO – To defray the costs involved in carrying out improvement projects managed by the UH; equitably assessing, collecting and distributing moneys for expenses associated with capital improvement projects, repair and maintenance projects, and major renovations. If the fund is repealed, UH Hilo will need general funds to cover the cost of managing CIP projects.

SYSTEMWIDE – The fund was established for the purpose of defraying the costs involved in carrying out the capital improvements program projects managed by the

UH, assessing, collecting and distributing moneys for current and other expenses, and managing the payment of expenses for CIP projects. The impact of taking these funds will impede central management, oversight, and administration of capital improvement projects and repair and maintenance projects. Funds are used for capital improvement operating expenses tied directly to ongoing capital projects, which includes training, neighbor island travel for projects, and copier fees, among other items.

Child Care Programs Special Fund

The fund was established for the operation of the child care program which includes construction and renovation of the child care centers. Fees charged are to be deposited into this fund. The fund is also allowed to receive proceeds from donations, loans or other instruments of indebtedness for construction or renovation of the child care center.

If the activities of the Children's Center are still required and the fund is repealed, then funding would be required from the legislature since the fees would go to the general fund.

Intercollegiate Athletics Special Fund

UH MĀNOA – The original intent and purpose of the Athletics Department Special Fund is to account for the financial transactions of the UH Mānoa Intercollegiate Athletics programs. Financial supports cover all activities (administrative, support services, and sports) necessary and proper to operate and maintain an intercollegiate sports program at the NCAA Division 1 level with both male and female student participants. Athletics operations would need to be funded by the legislature if they are no longer able to collect revenues for their activities.

UH HILO – The fund was established in 2006 to receive, deposit, disburse and account for funds from the activities of the intercollegiate athletic program. UH Hilo will need general funds to cover the costs currently funded by the Intercollegiate Athletics special fund. The ability to use carry over cash balance is necessary due to the fluctuation in travel costs and the increase in travel cost when participating in post-season playoff and championship games.

Hilo Theatre Special Fund

The purpose of this fund is to support the production and presentation of performing arts events at the Performing Arts Center. If the fund is repealed, UH Hilo will need

additional general funds to cover the cost of providing shows and events at the Performing Arts Center. The program must generate sufficient revenue to cover the cost of performances. The Performing Arts Center is required to be self-sustaining, thus eliminating reliance on State general funds.

'Ulu'ulu: The Henry Ku'ualoha Giugni Moving Image Archive of Hawai'i Special Fund

The fund is used to support the activities of the 'Ulu 'Ulu Henry Giugni Moving Image Archive which relies on the funds received by the memorandum of agreement between the Cable Television Division of the DCCA to support the activities of the archive. 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.

Green Special Fund

In 2017, the Green Special Funds were established to support energy efficiency, renewable energy, and sustainability projects and services including personnel, equipment costs, project costs, and other expenses, as well as planning, design, and implementation of sustainability projects for the benefit of the UH, provided that any expenditure equal to or greater than \$167,000 shall require the approval of the legislature. The UH may also transfer other funds into the UH green special fund to offset the costs and expenses associated with sustainability initiatives at UH.

The impact of taking these funds would hinder the UH to comply with the goals of the Governor, the Legislature, and the UH's Board of Regents on the State's climate and sustainability action plans including energy efficiency projects as defined by several governing laws. Funds are used to support additional energy conservation measures for the UH to attain its sustainability goals.

Graduate Application Revolving Fund

Created in 1995, this fund accounts for revenues and expenditures associated with processing graduate applications. Students applying for graduate programs are charged an application processing fee which is deposited into the fund. Funds are used to prepare, distribute, and process applications and application materials.

Without the fund, the currently self-funded program would have to be funded by operating funds of the respective department.

Real Property and Facilities Use Revolving Fund

This fund was created in 1998 to account for revenues collected by the UH for the use of UH property and facilities.

UH MĀNOA – The purpose of the fund is to support the maintenance of the Urban Garden Center agricultural plots and boundaries, maintain facilities at the College of Tropical Agriculture and Human Resources, and to support research and demonstration projects on college facilities. The fund also supports the use of facilities in the College of Arts & Humanities, Cancer Center and School of Earth Science and Technology. Funds are used to purchase agricultural supplies, maintain or replace equipment, offset costs to operate facilities, and obtain contractor services.

Without this fund, units would not be able to charge outside and internal units for their currently underutilized spaces as a means to earn revenues.

JABSOM – The fund supports the maintenance of the JABSOM facilities including administrative expenses, salaries, wages, employee benefits, contractor services, supplies, security, furnishings, equipment, janitorial services, insurance, utilities, and other operational expenses. Maintenance includes repairs, replacement, renewals, operation and administration.

UH HILO – The purpose of this fund is to allow for the use of UH real property and facilities which include land, building, grounds, furnishings and equipment. The UH must have the ability to retain funds received for the use of UH property and facilities and to accumulate sufficient levels to help upkeep and maintain the facilities being used.

UH WEST O'AHU – The purpose of this fund is to allow for the use of UH real property and facilities which include land, building, grounds, furnishings and equipment. Campuses will be unable to support the maintenance of its facilities which include land, buildings, grounds, furnishings, equipment, and other operational expenses. 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.

SYSTEMWIDE – The impact of taking these funds reduces our ability to manage work orders for repair and maintenance on the Mānoa campus. Funds are also reserves to support and execute strategic land and business development opportunities such as for the Atherton property.

Hawai'i Educator Loan Program Revolving Fund

This fund was created in 2002 to provide loans to students who planned to work as public school teachers with financial need pursuant to rules and regulations adopted by the Board of Regents. Students who are enrolled at the UH and are residents of the State of Hawai'i are eligible to apply for the program's loans. The fund also receives deposits from interest received on the loan principal payments. Should the student meet the requirements of continuous employment as public school teacher, the loan could be forgiven.

If the activities of the Hawai'i Educator Loan Program are still required and the fund is repealed, then funding would be required from the legislature since the fees would go to the general fund.

The abolishment of these funds will have a significant impact to the activities and programs that rely on these funds for some, if not all, of their funding. If these programs are not eliminated, they would rely on the State General Fund for their funding support.

In addition to the aforementioned funds, the following accounts are proposed to be abolished by this bill:

- Grant for the Bridge-to-Hope program
- Nurse Training
- Legislative Relief for Claims - UH

These accounts are no longer used by UH and there will be no impact to the UH's operations if they are abolished.

We look forward to working with the Legislature to address the State's fiscal concerns, but feel that the abolishment of the funds may create more chaos and negatively impact UH operations.

Thank you for this opportunity to testify.