



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
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by
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SB 2576 SD1 – RELATING TO REIMBURSEMENTS FOR STATE CONTRIBUTIONS

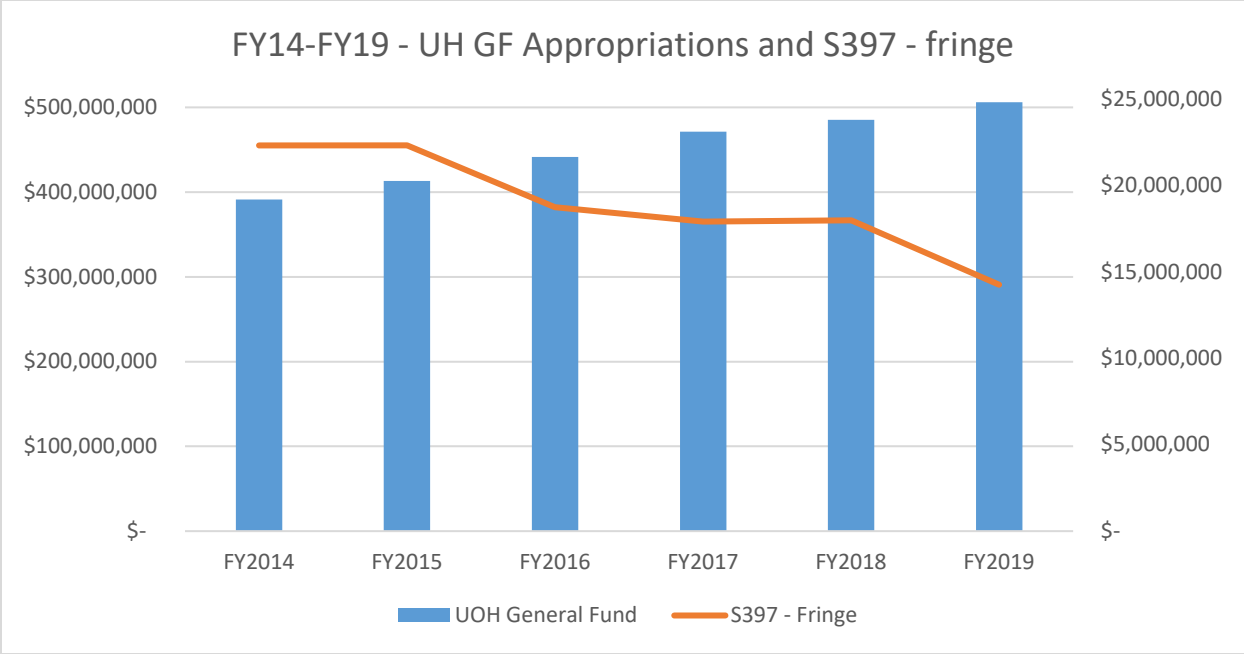
Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (University) is supportive of the motive in SB 2576 SD1, Relating to Reimbursements for State Contributions, but has a few comments and requested amendments.

We are appreciative that the Legislature seeks to put into statute the practice that the Department of Budget and Finance, the Department of Accounting and General Services, and the University have utilized for the last 15 years as a cost-sharing agreement that is beneficial to both the University and the rest of State government. Having this agreement in place has previously allowed the State to avoid reductions in force at the University during times of general revenues decline. The arrangement has also assisted in mitigating the needs for increased tuition revenue at the University.

SB 2576 SD1 proposes setting an unspecified dollar amount cap in the bill. Depending on the level of the cap, this could be operationally problematic to execute during a near term fiscal year and would also be unnecessarily restrictive on both the Legislative and Executive Branches. Because the cap is statutorily in place in both the pension and health benefits sections of Hawai'i Revised Statutes, it would be difficult to find the right numbers in a given year. We respectfully request that the cap be removed.

The University has worked to decrease the utilization of this arrangement in recent years as evidenced in the graph below. For FY19 the amount of fringe benefits paid by the general fund was \$14.2 million for \$27.2 million in salaries paid from the Tuition and Fees Special Fund. However, we note that this is primarily the result of the increased availability of general funds and should it be the Committee's desire to keep the specific cap in place, we respectfully request that the total amount be \$50 million, as this would ensure minimal disruption to the University's operations.



Thank you for this opportunity to testify.