



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Higher Education
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by
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SB 249 – RELATING TO THE PRESIDENT OF THE UNIVERSITY OF HAWAII SYSTEM

Chair Kim, Vice Chair Kidani, and Members of the Committee:

Thank you for this opportunity to provide testimony in strong opposition to SB 249, which proposes to overrule the reasoned and informed decisions of the Board of Regents on matters relating to the internal structure of the University of Hawai'i (UH) and in so doing to destabilize public education in Hawai'i.

UH President as Chief Executive Officer of UH Mānoa

Technically, UH Mānoa no longer has a Chancellor. But we assume that the intent of this Bill is to render illegal the UH structure that has prevailed through most of the history of UH during which the President of UH has also led the Mānoa campus. The structure that this Bill proposes has been highly unstable during both of the periods in which it has been attempted.

The decision of the Board of Regents (BOR) that the President of UH should serve as the Chief Executive Officer (CEO) of UH Mānoa, the “flagship” research university of the UH system, was reached after extensive discussion and reasoning specific to Hawai'i. There are certain reasons that either approach could be taken, and both approaches are in use in those university systems across the country that have a “flagship” research university. Ultimately, the BOR determined that the University of Hawai'i could best serve the people of Hawai'i by combining the two roles. Subsequent reorganizations have reinforced and refined this structure.

UH is now 116 years old, perhaps the longest-serving public institution in the state. It has been governed by a Board of Regents since inception. In most states, Regents are not elected but are appointed through the political process, such as in Hawai'i, where Regents are appointed by the Governor and confirmed by the State Senate. This governance model is explicitly intended to provide a level of separation from changing political landscapes and agendas while maintaining full responsiveness to diverse community interests. It is a model that serves public higher education well.

From inception until 1972, UH was led by a single President. Even as additional UH campuses were developed across the islands, there was no separate UH Mānoa Chancellor – the President led the system as well as UH Mānoa. In 1972 the separate position of UH Mānoa Chancellor was established.

From 1972 until 1983, six different individuals served as UH Mānoa Chancellor (including interim) under two UH Presidents. Each transition has a different story, but the reality in Hawai'i is that the position of UH Mānoa Chancellor simply did not work during that period.

In 1984 the BOR authorized the new President to also serve as UH Mānoa Chancellor, and that individual served in both roles until 1993. A new UH President was appointed in 1993, and that individual also served as President and UH Mānoa Chancellor, continuing until 2001. Just two individuals served in the “combined” model over that entire 17-year period from 1984 to 2001, providing UH and UH Mānoa with our greatest stability of leadership in modern times.

In 2000 the BOR decided to again separate the positions. Interestingly the driver was not the conflicts that some legislators perceive – that other campuses are disadvantaged, but the perception of UH Mānoa faculty that their Chancellor was not a singular champion of their campus since that individual was also responsible for the entire system. While unintuitive to those outside the university, the decision was not driven by concerns from the Community Colleges, UH Hilo, or UH West O'ahu, but by UH Mānoa.

A new President was appointed in 2001 with the charge to appoint a separate UH Mānoa Chancellor. From 2001 until 2016, seven UH Mānoa Chancellors (including interim) served under four UH Presidents. Again, the reasons for each transition were different but, as from 1972 to 1983, the position of UH Mānoa Chancellor simply did not work. And that in spite of one UH President investing significant time and effort into trying to stabilize the separation and strengthen the role of the Chancellor.

In 2016, after two UH Mānoa Chancellors in three years, the BOR appointed the UH President to also serve as UH Mānoa Chancellor. In 2019 the UH Mānoa Chancellor position was formally abolished by the BOR, and a new UH Mānoa Provost position was created to provide a purely independent voice for UH Mānoa among the UH Officers. This was designed to address the actual concern that drove the separation of the roles in 2001.

This is not to suggest that there was universal support to implement the current structure - as is the case with any difficult and complex issue. One can argue that the two positions are different jobs and should be filled by two individuals, as was recommended in an external study commissioned. And opinions change over time. Just as the current UH President initially believed that it would be possible to achieve stability with a separate UH Mānoa Chancellor, at a Senate Higher Education Hearing in

2017, the Senate Higher Education Committee Chair advocated for separation, and the Senate Higher Education Committee Vice Chair opined that the combined role was working well.

The BOR discussed this issue at length over time. Testimony was received both in support of and opposition to the recommendation to formally combine the positions. And in spite of the assertion in this Bill of “inevitable conflicts of interest,” the current structure was intensely discussed with and was ultimately supported by the heads of all UH campuses. While the vote of the regents to combine the positions was strongly in support of the current structure, it was not unanimous.

The BOR certainly considered the reality that the only periods in which UH leadership has been stable have been the periods in which the roles were combined. In addition to this clear evidence that the structure proposed in this bill is inherently unstable in Hawai'i, other major considerations for the BOR included saving money on senior executives and their staff as well as enabling more efficient streamlined UH administrative operations.

Ultimately, the BOR as a whole determined that the current organizational structure would be best for the University of Hawai'i they are responsible for governing and the communities they are committed to serving.

Chief Procurement Officer

In regard to the prohibition of the UH President as the Chief Procurement Officer, currently, Section 103D-203, Hawai'i Revised Statutes (HRS), establishes the president of the UH as its CPO. This designation was intentionally enacted to allow UH to efficiently manage its processes for procurement. UH strongly supports preserving the statutory Chief Procurement Officer role within the UH as beneficial for efficient and effective procurement, as is done for the Hawai'i Health Systems Corporation and the Department of education.

Prior to 2014, the UH Chief Financial Officer was delegated the operational responsibility for procurement within UH. As some Senators may recall, following the infamous “Wonder Blunder,” the BOR commissioned an Advisory Task Group on Operational and Financial Controls Improvement (ATG). The primary purpose of the ATG was to guide the scope of an evaluation and improvement initiative specific to operational and financial processes and related internal controls within UH. The ATG reported to the BOR's Committee on Independent Audit and was comprised of eight members, four members from the BOR, and four from private industry with expertise in financial processes and organizational structure and internal controls.

The ATG explicitly recommended that procurement be assigned to a new Vice President for Administration position. The BOR took action to implement that recommendation. So while the UH President is the CPO by statute, the operational responsibility for procurement resides with the Vice President for Administration, as

recommended by the ATG after a thorough study and recommendation that was adopted by the BOR.

We have not been provided the study referred to in another bill with similar content. But we wonder whether the assignment of procurement to the CFO in those institutions is mandated by their legislature or the result of analysis and reasoning by experts with knowledge of those institutions, as was done by the ATG and adopted by the BOR. We do note that the designation of the UH President as CPO for UH is consistent with the standard practice in Hawai'i of designating the following organizational heads as the CPOs for their respective agencies: the President of the Senate; the Speaker of the House of Representatives; the Superintendent of the Department of Education; and the CEO of Hawai'i Health Systems Corporation. In none of these cases has the Legislature mandated where within the organization the operational responsibility for procurement should reside.

Overruling BOR Decisions

SB 249 directly contravenes specifically reasoned and publicly debated (with internal and external stakeholders) judgments of the BOR regarding the internal structure, organization, and management of the University.

We strongly oppose this measure and urge that it be deferred.