



# UNIVERSITY OF HAWAII SYSTEM

## ‘ŌNAEHANA KULANUI O HAWAII

### Legislative Testimony

### Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented to the  
Senate Committee on Higher Education  
Tuesday, February 11, 2025, at 3:10 p.m.

By

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And

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### SB 1530 – RELATING TO THE UNIVERSITY OF HAWAII

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

The University of Hawai'i (UH) appreciates the opportunity to provide its position on Senate Bill 1530, which seeks to implement a performance-based funding model for the entirety of the UH budget. UH has significant concerns with this measure.

Approximately \$6 million of the annual appropriation to the University of Hawai'i is provided based on targeting achieving certain performance metrics. Since the establishment of this funding approach, UH has offered campuses the opportunity to access this funding based on achieving a number of metrics such as improving graduation rates, student transfer rates, etc. Over the years, there has been an improvement in these areas for all campuses. The availability of performance funding provides for investment in initiatives, programs, and approaches that contribute to achieving metric targets.

Senate Bill 1530, proposes to replace the UH budget with one entirely based upon performance metrics. While the UH certainly is not against performance improvements, or even incentivizing improvements, making a department's entire budget based on performance is not recommended or practical. Performance-based models in public sector agencies, cannot be as broadly applied as in private sector enterprises because there are services and cost drivers that have varied qualitative and quantitative measurements for performance.

Providing or eliminating funding to the University of Hawai'i based entirely on performance outcomes does not fully recognize the multifaceted nature of higher education and, the complexity of the University of Hawai'i. Factors such as research, community and civic engagement, and student well-being contribute to the value of the institution for the State of Hawai'i. Additionally, the one-size-fits-all approach can fail to

account for the unique challenges that institutions like UH face, such as serving a diverse, nontraditional student population and the specific needs of our local communities.

Over the past decade, UH has seen remarkable increases in their graduation and retention rates in part due to the allocation and strategic use of funds to improve these metrics. More can be done to refine the use of these funds to encourage student success. However, shifting the entirety of the UH budget towards this model will be disruptive while opening UH up to the unintended consequences other states have seen.

Thank you for your time and consideration.