

TESTIMONY OF HOWARD H. KARR
HOUSE COMMITTEE ON HIGHER EDUCATION
THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012
TUESDAY, MARCH 13, 2012
2:00 P.M.
CONFERENCE ROOM 309
STATE CAPITOL
415 SOUTH BERETANIA STREET
HONOLULU, HI 96813

SB 2005, S.D. 2 PROPOSING A CONSTITUTIONAL AMENDMENT TO ARTICLE X,
SECTION 6, OF THE HAWAII STATE CONSTITUTION TO MODIFY
THE APPOINTMENT PROCESS FOR THE BOARD OF REGENTS
OF THE UNIVERSITY OF HAWAII

Chair Nishimoto, Vice Chair Nakashima and Members of the House Committee on
Higher Education:

Good afternoon. My name is Howard Karr and I am here today to provide testimony
OPPOSING SB 2005, S.D.2.

By background, I am locally born and educated in Hawaii's public school system. I
graduated from the University of Hawaii in 1963 with a BBA in Accounting. I am a
certified public accountant and retired as Vice Chairman and Chief Financial Officer of
First Hawaiian Bank in 2002, after 29 years with the Bank.

I have served 17 years as a Trustee of the University of Hawaii Foundation, the
University's fundraising arm, and chaired this organization three times. In late 2007, I
applied, was nominated, appointed, and confirmed to the Board of Regents (BOR) in
2008 under its new appointment process. I served as its Vice Chairman for AY 2008-
2009 and as its Chairman for AY 2009-2011.

This Senate bill would eliminate the nonpartisan selection of the University of Hawaii's
governing body, the Board of Regents, through an amendment to the State Constitution
and would repeal reference to the Regents Candidate Advisory Council (RCAC) in the
Hawaii Revised Statutes. In November 2006, the voters of Hawaii mandated a change
and voted to amend the State Constitution to allow for qualified applicants to be vetted
and nominated by the RCAC. Enabling legislation provided that the seven (7) members
of the RCAC be appointed by the governor (1), president of the Senate (1), the speaker
of the House of Representatives (1), and several of the University's constituent groups –
All Campus Council of Faculty Senate Chairs (1), Executive Council of the University of
Hawaii Student Caucus (1), Association of Emeritus Regents (1), and the University of
Hawaii Alumni Association (1).

In 2010, the Executive Council of the University of Hawaii Student Caucus was replaced with a seven-member student advisory group.

By background, the Hawaii State Constitution established the University of Hawaii as a constitutionally independent corporation and is not an administrative or executive agency according to Attorney General's Opinion 61-84. The BOR reports to the people as opposed to the Board of Education which reports to the Governor.

Section 304A-104.5, Hawaii Revised Statutes, the current enabling legislation, states that:

- RCAC shall be selected in a wholly nonpartisan manner;
- RCAC appointees shall have a general understanding of the purposes of higher education, the University's mission and the responsibilities of the BOR;
- RCAC appointees shall be individuals who are widely viewed as having a high level of prominence in their respective professions and are respected members of the community.

In accordance with its legislative directive, the RCAC has developed comprehensive rules, procedures, Regents' duties and selection criteria of Regents. In its description of the duties and responsibilities of the BOR, the RCAC has effectively captured the major functions and governance responsibilities of the BOR. As summarized below, the BOR:

- hires, evaluates, fires the chief executive officer;
- establishes policies which management utilizes to run and operate the University;
- develops and updates strategic plans;
- is an independent policy-making body that reflects the public interest and defends the institution from "undue influence" and pressure from political and special interests;
- acts as a unit – one body, one voice.

As a matter of information, the attached summarizes the key statistics of the RCAC efforts in the selection of the Regents for the 2007 – 2012 BOR recruitment process. The RCAC has done an exceptional job in its mission.

A testament to the RCAC selection process is evident from the many accomplishments of the University and BOR in the last five years and which will have positive future implications. During this period, major accomplishments have included:

- Hired MRC Greenwood as its first woman President. She has provided effective and strong leadership during these economic times and budget cutbacks. She possesses the vision, commitment and energy to take the University to greater levels;

- Successful labor negotiations resulted in a six-year pact with the faculty. University administration, with consultation with the BOR, and collaboration with the faculty resulted in this settlement;
- Also, in collaboration with the University's administration and faculty union, the voluminous BOR policies (over 600 pages), were reviewed, rewritten, and approved. The number of pages has been reduced by 70%, to under 150 pages. Much of the policies have been incorporated into executive policies with the relevant responsibilities delegated accordingly with BOR oversight;
- The University has proven to be an economic stimulus to Hawaii's economy in the last few years. Through major capital improvement projects – completion of the CMORE building; construction of the new Cancer Research Center which will be completed in late 2012 (project was restructured and revitalized after a prolonged delay); construction of a new West Oahu campus to be ready for classes in the fall 2012; a new IT building with construction to start in 2012; expansion of the UH-Manoa Student Campus Center in 2012; construction of a new UH-Hilo College of Pharmacy building to start in 2012, revitalization of the Mauna Kea 30-meter telescope project (a \$1.2 - \$1.5 billion project), and several other major/minor deferred repairs and maintenance projects. These projects in the last couple years have exceeded \$400 million per year, which has provided a stimulus to the construction industry. General obligation and revenue bonds with the assistance of the Legislative and Executive branches facilitated this team effort. Also, many of the above construction projects were done under a pilot exception (Act 82, Session Laws of Hawaii 2010) in the State's procurement code which expedited the procurement of construction services while maintaining fairness and transparency;
- Despite increased student enrollment at all ten campuses coupled with the economic downturn, the University was able to manage a tight budget with less public funds (\$100 million per year in the last biennium);
- Acceptable and reasonable student tuition increases for the next five years to offset state budget cuts and increasing operating costs were passed recently;
- Memberships in the more prestigious and formidable Mountain West and Big West Conferences were confidentially accomplished with the Administration's leadership and consultation with the BOR;
- Over \$300 million was raised in private funds in collaboration with the University of Hawaii Foundation, which is the largest capital campaign to date. Going forward, the University and Foundation are focused on an even larger capital campaign.

These are some of the major accomplishments under a nonpartisan BOR. Many of us would not have served under the old system.

In changing the present process for RCAC, extreme caution should be exercised so as not to jeopardize the University's accreditation. The BOR selection process, in all phases, must be independent and free of political influence. Independence of the BOR in governing the University of Hawaii is extremely crucial for its continuing accreditation

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through its governing accrediting association, the Western Association of Schools and Colleges.

The present process is working. As the old adage goes – “If it ain’t broken, don’t fix it.”

Personally, my experience and actions on the BOR were always with the student, University and State in mind. Without speaking for the other Regents, I believe they share the same concern.

Thank you for giving me an opportunity to testify.

2007-2012 BOR RECRUITMENT STATISTICS

| | # of Men | # of Women | TOTAL |
|---|----------|------------|-------|
| 2007-2008 RECRUITMENT (12 Vacancies) | | | |
| Completed Applications Received | 64 | 22 | 86 |
| Names of Finalists Sent to Gov. Lingle (<i>Wingstrom, Teichman</i> —1 Student seat; <i>Albano, Lagareta, Dahilig, Motosue, Rasmussen</i> —2 At Large seats; <i>Tajiri, Terry, Carlson, Scarr</i> —2 Hawai'i County seats; <i>Campaniano, Ching, Fukunaga, Gee, Hirota, Karr, Martinson</i> —5 Honolulu County seats; <i>Cooper, de la Peña</i> —1 Kaua'i County seat; <i>Baxa, Horikawa</i> —1 Maui County seat) | 17 | 5 | 22 |
| Governor's Appointments (<i>*Wingstrom, *Teichman, Dahilig, **Lagareta, **Rasmussen, Tajiri, Carlson, Fukunaga, Gee, Hirota, Karr, Martinson, de la Peña, Baxa</i>) (*Wingstrom's name for Student seat withdrawn by Gov. Lingle and appointed Teichman) (**Lagareta (At Large seat) denied Senate consent so Gov. Lingle appointed Rasmussen) | 12* | 2** | 14** |
| 2008-2009 RECRUITMENT (3 Vacancies - City & County of Honolulu only) | | | |
| Completed Applications Received | 14 | 3 | 17 |
| Names of Finalists Sent to Gov. Lingle (<i>Ching, Holzman, Lee, Martinson, McCoy</i>) | 4 | 1 | 5 |
| Governor's Appointments (<i>Holzman, Martinson, Lee</i>) | 3 | 0 | 3 |
| 2009-2010 RECRUITMENT (3 Vacancies - City & County of Honolulu, Maui, Student) | | | |
| Completed Applications Received | 24 | 14 | 38 |
| Names of Finalists Sent to Gov. Lingle (<i>Fujii, Gee</i> —1 Honolulu seat; <i>Ota, Montgomery</i> —1 Maui seat; <i>Jasper, Miyamoto, Williams</i> —1 Student seat) | 4** | 3 | 7 |
| Governor's Appointments (<i>Gee, Williams, Montgomery</i>) (**Maui County seat unfilled) (**Montgomery (Maui County seat) denied Senate consent) | 3 | 0 | 3 |
| 2010 Special Recruitment for Hawai'i County Seat (East) due to resignation of East Hawai'i regent Tajiri | | | |
| Completed Applications Received | 7 | 3 | 10 |
| Names of Finalists Sent to Gov. Lingle (<i>Dias, Naughton</i>) | 2 | 0 | 2 |
| Governor's Appointments (<i>Dias</i> on interim appointment beginning 5/10/10 as legislature had adjourned) | 1 | 0 | 1 |
| 2010-2011 Recruitment [4 Vacancies - City & County of Honolulu (2), Maui, Hawai'i West] | | | |
| Completed Applications Received | 10 | 20 | 30 |
| Names of Finalists Sent to Gov. Abercrombie (<i>Fujii, Fukunaga, Matayoshi, Salto, Sullivan, Vieira</i> —2 Honolulu seats; <i>Carlson, **Scarr</i> —1 Hawai'i seat; <i>Dodson, McMillen, Ota</i> —1 Maui seat) | 4** | 7 | 11 |
| Governor's Appointments (<i>**Scarr (W. Hawai'i), Sullivan, Matayoshi, Ota and Naughton</i> (instead of <i>Dias</i>) for E. Hawai'i seat from a previous list of finalists **Scarr and Naughton denied Senate consent. Carlson (W. Hawai'i) was held over by Gov. Abercrombie) | 0 | 4 | 4 |
| 2011 Special Recruitment for Hawai'i County Seat (East) | | | |
| Completed Applications Received | 4 | 3 | 7 |
| Names of Finalists Sent to Gov. Abercrombie (<i>Chun, Mizuno</i>) | 2 | 0 | 2 |
| Governor's Appointments (<i>Mizuno</i> —interim appointment beginning 8/10/11) | 1 | 0 | 1 |
| 2011-2012 Recruitment (4 Vacancies - At Large, O'ahu, Kaua'i, Student) | | | |
| Completed Applications Received | 39 | 22 | 61 |
| Names of Finalists Sent to Gov. Abercrombie | ?? | ?? | ?? |
| Governor's Appointments | ?? | ?? | ?? |

NOTE: Interim regent Mizuno and holdover regent Carlson will need to be confirmed by the Hawai'i State Senate during the 2012 session of the Hawai'i State legislature.