

THE SENATE  
THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

COMMITTEE ON HIGHER EDUCATION AND THE ARTS

Senator Brian T. Taniguchi, Chair  
Senator Lorraine R. Inouye, Vice Chair

NOTICE OF HEARING

DATE: Tuesday, February 03, 2015  
TIME: 1:30 PM  
PLACE: Conference Room 224  
State Capitol  
415 South Beretania Street

A G E N D A

<u><b>SB 325</b></u> <u>Status &amp; Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII. Appropriates funds to the University of Hawaii to pay student employees at new or expanded worksites on each campus.	HEA, WAM
<u><b>SB 326</b></u> <u>Status &amp; Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII. Appropriates moneys to SEED at the University of Hawaii to fund faculty, graduate assistant, and student employee (2.5 FTE) positions to conduct and disseminate research relating to Asian American and Pacific Islander students in higher education, and to provide direct services to undergraduate and graduate students interested in diversity careers relating to student affairs and higher education.	HEA, WAM
<u><b>SB 327</b></u> <u>Status &amp; Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII. Appropriates \$225,000 in general funds for 4.0 FTE positions for the UH Pamantasan Council to promote access and diversity.	HEA, WAM
<u><b>SB 987</b></u> <u>Status &amp; Testimony</u>	RELATING TO POST-SECONDARY EDUCATION. Clarifies that under the Hawaii Post-Secondary Education Authorization Program, institutions may request an administrative hearing pursuant to chapter 91, HRS, for proceedings concerning denials, suspensions, or terminations.	HEA, JDL
<u><b>SB 160</b></u> <u>Status &amp; Testimony</u>	RELATING TO UNIVERSITY OF HAWAII NON-GENERAL FUNDS. Implements certain recommendations of the Auditor concerning University of Hawaii non-general funds.	HEA, WAM
<u><b>SB 1144</b></u> <u>Status &amp; Testimony</u>	RELATING TO TECHNOLOGY TRANSFER AT THE UNIVERSITY OF HAWAII. Clarifies application of State Ethics Code to technology transfer arrangements supported by the University of Hawaii.	HEA, JDL
<u><b>SB 1146</b></u> <u>Status &amp; Testimony</u>	RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM. Amends the sunset provisions, with respect to the University of Hawaii, under sections 40-1, 40-2, 40-4, 40-6, 40-58, and 40-81, Hawaii Revised Statutes.	HEA, WAM

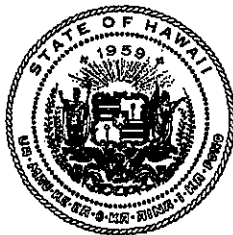
**Decision Making to follow, if time permits.**

Click [here](#) to submit testimony to the Senate Committee on Higher Education and the Arts.

# **SB 160**

## **Testimony –**

Measure Title: RELATING TO UNIVERSITY OF HAWAII NON-GENERAL FUNDS.  
Report Title: University of Hawaii Non-General Funds; Auditor's Recommendations  
Description: Implements certain recommendations of the Auditor concerning University of Hawaii non-general funds.  
Companion:  
Package: None  
Current Referral: HEA, WAM  
Introducer(s): TOKUDA, ENGLISH, INOUYE, KEITH-AGARAN, KOUCHI, Taniguchi



**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR,  
ON SENATE BILL NO. 160,  
RELATING TO UNIVERSITY OF HAWAII NON-GENERAL FUNDS**

**Senate Committee on Higher Education and the Arts  
February 3, 2015**

Chair Taniguchi and Members of the Committee:

I am Jan Yamane, Acting State Auditor. Thank you for the opportunity to testify in support of Senate Bill 160 (SB160), which would implement certain of our recommendations concerning University of Hawai'i non-general funds. Specifically, this bill would repeal two special funds and re-establish them as revolving funds, and repeal three special funds and two trust funds, in the University of Hawai'i.

The impetus for this bill is our Report No. 14-18, *Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the University of Hawai'i*. Our review of these funds includes an evaluation of the original intent and purpose of each fund, including the degree to which each fund continues to serve its intended purpose. We also evaluate whether each fund meets statutory criteria for its respective fund type (i.e., special, revolving, or trust). The funds we listed in Report No. 14-18 that serve the purpose for which they were originally created, but did not meet the appropriate means of financing criterion because they function as revolving funds, and would be repealed and reclassified by this bill are:

1. Hawai'i Education Loan Program Revolving Fund (Sections 3, 4 and 5); and
2. Community Colleges Special Fund (Sections 6, 7 and 8).

The special funds we listed in Report No. 14-18 as not meeting criteria would be repealed by SB 160:

1. University of Hawai'i Alumni Special Fund (Section 9);
2. Animal Research Farm, Waiale'e, O'ahu Special Fund (Section 11);
3. Career and Technical Training Projects Revolving Fund (Section 13);
4. Senator Hiram L. Fong Scholarship Program Endowment Trust (Section 15); and
5. Senator Oren E. Long Scholarship Program Endowment Trust (Section 17).

We concluded these funds no longer serve their intended purpose or meet statutory criteria; hence, it is appropriate for the Legislature to repeal each statutory provision and, for those administratively established, to repeal the funds and transfer remaining balances to the general fund. In its response to our report with respect to the funds listed above, the University of Hawai'i agreed with our conclusions.

Thank you for the opportunity to testify in support of SB 160. I am available to answer any questions you may have.



# **UNIVERSITY OF HAWAII SYSTEM**

## **Legislative Testimony**

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Testimony Presented Before the  
Senate Committee on Higher Education and the Arts  
February 3, 2015 at 1:30 pm Room 224

by

Kalbert Young

Vice President – Budget & Finance & Chief Financial Officer, University of Hawai'i

### **SB 160 – RELATING TO UNIVERSITY OF HAWAII NON-GENERAL FUNDS**

Chair Taniguchi, Vice Chair Inouye, and members of the Higher Education and the Arts committee:

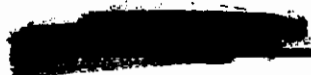
Thank you for this opportunity to testify. The University of Hawai'i (UH) SUPPORTS SB160, Relating to University of Hawaii Non-General Funds.

The bill does several things:

- Re-establishes the following funds as revolving funds instead of special funds:
  - Hawai'i Educator Loan Program Special Fund
  - Community Colleges Special Fund
- Repeals the following funds:
  - University of Hawai'i Alumni Special Fund;
  - Animal Research Farm, Waiale'e, O'ahu Special Fund;
  - Career and Technical Training Projects Revolving Fund;
  - Senator Hiram K. Fong Scholarship Endowment Trust Fund; and
  - Senator Oren E. Long Scholarship Endowment Trust Fund;
- Transfer any unencumbered funds to an appropriate destination fund.

These funds were identified in Auditor's Report No. 14-18, and UH is supportive of the actions contemplated in this bill, as already stated in its response included in that Report.

Thank you for your time and consideration.



**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 02, 2015 1:28 PM  
**To:** HEA Testimony  
**Cc:** tina@tfhawaii.org  
**Subject:** Submitted testimony for SB160 on Feb 3, 2015 13:30PM  
**Attachments:** s0160-15.pdf

**SB160**

Submitted on: 2/2/2015

Testimony for HEA on Feb 3, 2015 13:30PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Yamachika	Tax Foundation of Hawaii	Comments Only	No

Comments: Here is the Tax Foundation of Hawaii testimony on SB 160.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** MISCELLANEOUS, Reclassification of special funds

**BILL NUMBER:** SB 160

**INTRODUCED BY:** Tokuda, English, Inouye, Keith-Agaran, Kouchi and 1 Democrat

**EXECUTIVE SUMMARY:** Implements the state auditor's recommendation to reclassify various funds of the University of Hawaii.

**BRIEF SUMMARY:** Reclassifies the following special funds as revolving funds:

Housing educator loan program special fund  
Community colleges special fund

**Repeals:** University of Hawaii alumni special fund  
Animal research farm, Waialeale, Oahu special fund  
Career and technical training projects revolving fund; University of Hawaii at Hilo  
The Senator Hiram L. Fong scholarship program; endowment trust  
The Senator Oren E. Long scholarship program; endowment trust

All balances in the funds reclassified as revolving funds shall remain in their respective funds.

On July 1, 2015 all unencumbered balances remaining in the repealed funds shall lapse into the general fund.

**EFFECTIVE DATE:** July 30, 2015

**STAFF COMMENTS:** This measure implements the state auditor's recommendation in the auditor's report No. 14-18 that reviewed the special funds, revolving funds, trust funds, and trust accounts of the University of Hawaii. The special funds reclassified by this measure were found to be essential to the respective program areas while the funds repealed were found to be no longer necessary or not meeting the criteria for continuance under law.

Digested 2/2/15