
A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

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PART I

SECTION 1. The legislature finds that Act 87, Session Laws of Hawaii 2013, was enacted to: (1) remove the president of the University of Hawaii from serving as the chief procurement officer for the university for construction contracts and professional services related to construction contracts; (2) transfer authority over those contracts to the state procurement office; and (3) establish an audit committee within the board of regents to review public funds appropriated by the legislature and expended by the university for construction. Since its enactment, Act 87 has resulted in a bifurcated procurement system at the university wherein a different set of rules and procedures applies depending on whether the procurement involves construction or construction related professional services for university construction projects. Requirements for construction or professional services furnished by licensees under chapter 464, Hawaii Revised Statutes, must comply with the



1 Hawaii public procurement code and procedures governing state
2 executive branch agencies, while requirements for goods and
3 services must comply with the Hawaii public procurement code and
4 university executive and administrative procedures governing
5 university transactions.

6 In January 2016, the state procurement office issued its
7 report to the legislature as required under Act 87, which
8 documents the extensive oversight, reviews, and coordination
9 between the university and the state procurement office on
10 procurement contracts involving construction and professional
11 services related to construction. The conclusion of the state
12 procurement office in the report was that "based on SPO's review
13 of 102 UH construction solicitations, UH's Administrative
14 Procedures, and 14 post-award Site Visits, SPO finds that UH is
15 conducting construction procurements in a compliant, efficient
16 and transparent manner." In the report, the state procurement
17 office further set forth minimal recommendations for improvement
18 and mentioned several university specific procedures as "best-
19 practices".

20 The purpose of this part is to reinstate and restore full
21 authority to the university president to act as the university's



1 chief procurement officer for all procurement contracts under
2 chapter 103D, Hawaii Revised Statutes.

3 SECTION 2. Section 103D-203, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) The chief procurement officer for each of the
6 following state entities shall be:

7 (1) The judiciary--the administrative director of the
8 courts;

9 (2) The senate--the president of the senate;

10 (3) The house of representatives--the speaker of the house
11 of representatives;

12 (4) The office of Hawaiian affairs--the chairperson of the
13 board;

14 (5) The University of Hawaii--the president of the
15 University of Hawaii; [~~provided that, except as~~
16 ~~specified in section 304A-2672(2), for contracts for~~
17 ~~construction and professional services furnished by~~
18 ~~licensees under chapter 464, the administrator of the~~
19 ~~state procurement office of the department of~~
20 ~~accounting and general services shall serve as the~~
21 ~~chief procurement officer;~~]



- 1 (6) The department of education, excluding the Hawaii
2 public library system--the superintendent of
3 education;
- 4 (7) The Hawaii health systems corporation--the chief
5 executive officer of the Hawaii health systems
6 corporation; and
- 7 (8) The remaining departments of the executive branch of
8 the State and all governmental bodies administratively
9 attached to them--the administrator of the state
10 procurement office of the department of accounting and
11 general services."

12 SECTION 3. Section 304A-2672, Hawaii Revised Statutes, is
13 amended to read as follows

14 "§304A-2672 Powers of the board. Notwithstanding any law
15 to the contrary, the board may:

- 16 (1) Designate as a university project, any undertaking,
17 improvement, or facility on any one or more of the
18 areas in one or more of the educational institutions
19 under the jurisdiction of the board;
- 20 (2) Construct and maintain university projects, including
21 a university project included or to be in a university



1 system; [~~provided that all procurements for~~
2 ~~professional services furnished by licensees under~~
3 ~~chapter 464 for construction projects shall be~~
4 ~~coordinated with the department of accounting and~~
5 ~~general services on behalf of the board; provided~~
6 ~~further that the department of accounting and general~~
7 ~~services shall not be responsible for procurements~~
8 ~~determined by both the University of Hawaii and the~~
9 ~~department of accounting and general services to be~~
10 ~~professional services furnished by licensees under~~
11 ~~chapter 464 for repair and maintenance;]~~

12 (3) Combine two or more university projects into a
13 university system on one or more of the areas on any
14 one or more of the educational institutions under the
15 jurisdiction of the board, and to maintain the system;

16 (4) Combine two or more university projects, university
17 systems, or university projects and university systems
18 into a network, on any one or more of the areas on any
19 one or more of the educational institutions under the
20 jurisdiction of the board, and to maintain the
21 network;



- 1 (5) Prescribe and collect rents, fees, and charges for the
2 use of or services furnished by any university project
3 and the facilities thereof, and pledge any
4 appropriation to any university project and the
5 facilities thereof that in aggregate, produces revenue
6 of the university at least sufficient to comply with
7 section 304A-2681;
- 8 (6) With the approval of the governor, issue revenue bonds
9 under this subpart in such principal amount as may be
10 authorized by the legislature from time to time to
11 finance in whole or in part the cost of construction
12 or the cost of maintenance of any university project,
13 including funding reserves therefor;
- 14 (7) Pledge to the punctual payment of revenue bonds and
15 interest thereon, all or any part of the revenue of
16 the university, including any appropriation, in an
17 amount sufficient to pay the revenue bonds and
18 interest as the same become due and to create and
19 maintain reasonable reserves therefor;



1 (8) Establish a loan program or a commercial paper program
2 upon terms and conditions that the board may
3 determine; and

4 (9) Advance moneys of the university, not otherwise
5 required, and do any and all other lawful acts as may
6 be necessary, convenient, or desirable, for carrying
7 into execution and administering this subpart."

8 SECTION 4. This part shall not be applied so as to impair
9 any contract existing as of the effective date of this Act in a
10 manner violative of either the Hawaii State Constitution or
11 Article I, section 10, of the United States Constitution.

12 **PART II**

13 SECTION 5. The legislature finds that the tuition schedule
14 established by the University of Hawaii board of regents has
15 created an unreasonable increase in the cost of attendance. For
16 example, tuition fees for resident full-time undergraduate
17 students at the University of Hawaii Manoa has been steadily
18 increasing since academic year 2011-2012, by approximately 3.1
19 per cent in 2012-2013, 5.5 per cent in 2013-2014, 7.6 per cent
20 in 2014-2015, 5.1 per cent in 2015-2016, 5.1 per cent in 2016-



1 2017, and tuition fees are scheduled to increase by another 1.9
2 per cent in 2018-2019.

3 The legislature recognizes that universities need funds to
4 operate, and that the University of Hawaii is trying to address
5 a substantial deferred repair and maintenance backlog. However,
6 the legislature finds that tuition costs at the university have
7 consistently and significantly been on the rise, even in recent
8 years, such as 2008-2010, during which time the university
9 received greater amounts of general fund appropriations from the
10 legislature.

11 In addition, the legislature is concerned about the
12 University of Hawaii's significant increase in spending in
13 recent years for personnel expenses, and the lack of
14 demonstrated efforts to restructure and use financial resources
15 efficiently for the benefit of students. The legislature finds
16 that faculty provide a direct connection to university students
17 and students' concerns, and that faculty are not currently
18 represented on the board of regents.

19 The legislature finds that the cost of tuition and fiscal
20 administration at the University of Hawaii is a matter of
21 statewide concern and that it is in the best interests of the



1 State to ensure that all students have affordable access to
2 higher education and that state funds are used efficiently by
3 the University of Hawaii system for the benefit of students.

4 Therefore, the purpose of this part is to:

- 5 (1) Add to the University of Hawaii board of regents two
6 ex officio nonvoting members who are faculty at the
7 university;
- 8 (2) Prohibit the University of Hawaii board of regents
9 from increasing tuition fees until an unspecified
10 date; and
- 11 (3) Require the university to provide the legislature with
12 an analysis of whether current tuition increases are
13 helping address the university's repair and
14 maintenance backlog.

15 SECTION 6. Section 26-11, Hawaii Revised Statutes, is
16 amended by amending subsection (a) to read as follows:

17 "(a) The University of Hawaii shall be headed by an
18 executive board to be known as the board of regents.

19 The board shall consist of [~~fifteen~~]:

- 20 (1) Fifteen voting members [~~—At~~], at least one [~~member~~]
21 of which shall be a University of Hawaii student at



1 the time of the initial appointment [~~—This~~]; provided
2 that this member may be reappointed for one additional
3 term even though the member may no longer be a student
4 at the time of reappointment [~~-~~]; and

- 5 (2) Two ex officio nonvoting members who shall be faculty
6 members of the University of Hawaii; provided that one
7 member shall be a faculty member of a University of
8 Hawaii community college and one member shall be a
9 faculty member at the University of Hawaii at Manoa,
10 University of Hawaii at Hilo, or University of Hawaii
11 West Oahu; provided further that the two faculty
12 members shall not be faculty members at campuses in
13 the same county.

14 The governor shall reduce the terms of those initially appointed
15 to each seat on the board of regents to provide, as far as
16 practicable, for the expiration of three terms each year;
17 provided that the term of the student member shall not be
18 reduced.

19 At least twelve of the voting members, except for the
20 student member, shall represent and reside in the specified
21 geographic areas as follows:



- 1 (1) Two members from the county of Hawaii;
2 (2) Two members from the county of Maui;
3 (3) One member from the county of Kauai; and
4 (4) Seven members from the city and county of Honolulu.

5 The board shall have the power, in accordance with the
6 Hawaii constitution and with law, to formulate policy and to
7 exercise control over the university through its executive
8 officer, the president of the university. The board shall have
9 exclusive jurisdiction over the internal organization and
10 management of the university."

11 SECTION 7. Section 304A-401, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) The board of regents may charge resident and
14 nonresident tuition fees for regular courses of instruction at
15 any University of Hawaii campus, including any community
16 college[-]; provided that the board of regents shall not approve
17 any increase in regular credit or summer session tuition fees
18 until _____."

19 SECTION 8. The University of Hawaii shall submit a report
20 to the legislature no later than twenty days before the
21 convening of the regular session of 2018 regarding the status of



1 the university's repair and maintenance costs and whether the
2 tuition increases effective for the 2018-2021 academic years are
3 assisting in addressing the repair and maintenance backlog.

4 SECTION 9. The candidate advisory council of the board of
5 regents of the University of Hawaii shall present a list of
6 candidates for the two ex officio nonvoting faculty members of
7 the board of regents pursuant to section 6 of this Act to the
8 governor no later than August 1, 2017. The governor shall
9 nominate the two ex officio nonvoting faculty members of the
10 board of regents pursuant to section 6 of this Act no later than
11 September 1, 2017.

12 **PART III**

13 SECTION 10. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 11. This Act shall take effect on January 1, 2050.



Report Title:

University of Hawaii; President; Chief Procurement Officer;
Board of Regents; Faculty Members; Nonvoting; Tuition; Limits;
Repair and Maintenance Costs

Description:

Reinstates the President of the University of Hawaii as the chief procurement officer for contracts for construction and construction related professional services furnished by licensees under chapter 464, Hawaii Revised Statutes. Adds to the University of Hawaii board of regents two ex officio nonvoting members who are faculty at the university. Prohibits the University of Hawaii board of regents from increasing tuition fees until an unspecified date. Requires the university to report to the legislature regarding tuition increases and the university's repair and maintenance costs. Effective 7/1/2050.
(SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

