

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

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

19 The purpose of this part is to reinstate and restore full
20 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 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) Require that two members of the University of Hawaii
6 board of regents be faculty members;
- 7 (2) Prohibit the University of Hawaii board of regents
8 from increasing tuition fees until an unspecified
9 date; and
- 10 (3) Require the university to provide the legislature with
11 an analysis of whether current tuition increases are
12 helping address the university's repair and
13 maintenance backlog.

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

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

18 The board shall consist of fifteen members. At least one
19 member shall be a University of Hawaii student at the time of
20 the initial appointment. This member may be reappointed for one
21 additional term even though the member may no longer be a



1 student at the time of reappointment. One member shall be a
2 faculty member of a University of Hawaii community college and
3 one member shall be a faculty member at the University of Hawaii
4 at Manoa, University of Hawaii at Hilo, or University of Hawaii
5 West Oahu; provided that the two faculty members shall not be
6 faculty members at campuses in the same county; provided further
7 that the faculty members shall be exempt from any conflict of
8 interest based solely on their positions as faculty within the
9 University of Hawaii system. The governor shall reduce the
10 terms of those initially appointed to each seat on the board of
11 regents to provide, as far as practicable, for the expiration of
12 three terms each year; provided that the term of the student
13 member shall not be reduced.

14 At least twelve members, except for the student [~~member,~~]
15 and faculty members, shall represent and reside in the specified
16 geographic areas as follows:

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



1 The board shall have the power, in accordance with the
2 Hawaii constitution and with law, to formulate policy and to
3 exercise control over the university through its executive
4 officer, the president of the university. The board shall have
5 exclusive jurisdiction over the internal organization and
6 management of the university. The board may establish board
7 policies necessary to address any potential conflict of interest
8 issues for the two faculty members of the board."

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

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

17 SECTION 8. The requirements of section 26-11(a), Hawaii
18 Revised Statutes, as amended by section 2 of this Act, shall
19 apply as follows:

20 (1) Upon the expiration of the term of the at-large member
21 of the University of Hawaii board of regents whose



1 term expires on June 30, 2017, that vacancy shall be
2 filled by a faculty member of one of the University of
3 Hawaii community colleges; and

4 (2) Upon the expiration of the term of the at-large member
5 of the University of Hawaii board of regents whose
6 terms expires on June 30, 2018, that vacancy shall be
7 filled by a member of the faculty of either the
8 University of Hawaii at Manoa, University of Hawaii at
9 Hilo, or University of Hawaii West Oahu;

10 provided that all other requirements of section 26-11(a), Hawaii
11 Revised Statutes, as amended by section 2 of this Act, are met.

12 SECTION 9. The University of Hawaii shall submit a report
13 to the legislature no later than twenty days before the
14 convening of the regular session of 2018 regarding the status of
15 the university's repair and maintenance costs and whether the
16 tuition increases effective for the 2018-2021 academic years are
17 assisting in addressing the repair and maintenance backlog.

18 **PART III**

19 SECTION 10. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 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; 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. Requires that two members of the University of Hawaii board of regents be faculty members. 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. (Proposed SD1)

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