

JAN 23 2025

A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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

1 SECTION 1. The legislature finds that Act 67, Session Laws
2 of Hawaii 2015, required the department of budget and finance to
3 work with one state department on a pilot project to develop
4 efficiency measures for possible inclusion in various documents
5 that are required to be prepared under part IV of chapter 37,
6 Hawaii Revised Statutes, governing the State's executive budget,
7 and that the university of Hawaii volunteered to participate in
8 the project.

9 The legislature also finds that section 28 of Act 119,
10 Session Laws of Hawaii 2015 (Act 119), required the university
11 of Hawaii to allocate appropriated general funds to various
12 programs in accordance with performance-based outcomes relating
13 to student achievement and degree attainment and articulation
14 established by the president of the university of Hawaii.
15 Act 119 tasked the president of the university of Hawaii with
16 devising the metrics and standards for the performance-based
17 outcomes and submitting a report to the legislature on the



1 implementation of the performance-based budget allocation
2 requirement, including a recommendation on whether the
3 requirement should be made permanent. The legislature
4 additionally finds that the university of Hawaii submitted a
5 recommendation that the performance-based budget allocation
6 requirement should be made permanent.

7 The legislature further finds that requiring the board of
8 regents to allocate funds to university of Hawaii program IDs
9 according to performance-based outcomes relating to student
10 achievement and degree attainment is a matter of statewide
11 concern pursuant to article X, section 6, of the Hawaii State
12 Constitution.

13 Accordingly, the purpose of this Act is to:

14 (1) Codify in statute the requirements that:

15 (A) The board of regents or the president of the
16 university of Hawaii allocate general funds
17 appropriated to the university of Hawaii to
18 university of Hawaii program IDs in accordance
19 with performance-based outcomes relating to
20 student achievement and degree attainment and



1 articulation as determined by the president of
2 the university; and

3 (B) The president of the university submit annual
4 reports to the legislature on the
5 performance-based outcomes budget allocation
6 requirement; and

7 (2) Require the president of the university to:

8 (A) Propose at least three efficiency measures to the
9 director of finance to produce a more effective
10 budget; and

11 (B) Submit reports to the legislature on efficiency
12 measures attained by the university before the
13 convening of the regular sessions of 2026 and
14 2027.

15 This Act shall be known as the University of Hawaii
16 Efficiency Act of 2025.

17 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
18 amended by adding a new section to subpart B of part V to be
19 appropriately designated and to read as follows:

20 **"§304A- General fund appropriations; performance-based**
21 **outcome funding; report.** (a) The board of regents may transfer



1 general fund appropriations for the university of Hawaii to
2 other university of Hawaii program IDs in accordance with
3 performance-based outcomes established at the lowest unit of
4 study relating to student achievement and degree attainment and
5 articulation as determined by the president of the university;
6 provided that the president of the university may transfer the
7 funds pursuant to this subsection if the authority is delegated
8 to the president of the university by the board of regents.

9 (b) The amount transferred to a university of Hawaii
10 program ID pursuant to subsection (a) shall be expended at the
11 discretion of the head of the university of Hawaii college,
12 campus, or school of that program ID.

13 (c) The president of the university shall devise the
14 metrics and standards for the performance-based outcomes in
15 accordance with sections 304A-304 and 304A-2001.

16 (d) Any amount that is not transferred to a university of
17 Hawaii program ID for the purposes of this section shall lapse
18 to the general fund at the end of each fiscal year.

19 (e) The president of the university shall submit a report
20 of their findings and recommendations, including any proposed



1 legislation, to the legislature no later than twenty days prior
2 to the convening of each regular session detailing:

- 3 (1) The distribution of funds by campus; and
4 (2) A discussion of changes implemented and being
5 recommended to better operationalize and maintain
6 rigor."

7 SECTION 3. (a) The president of the university of Hawaii
8 shall propose at least three efficiency measures to the director
9 of finance for review and approval; provided that the director
10 of finance may approve efficiency measures that differ from
11 those proposed by the president of the university of Hawaii.

12 (b) No later than twenty days prior to the convening of
13 the regular sessions of 2026 and 2027, the president of the
14 university shall submit the following to the legislature:

- 15 (1) The actual level of the efficiency measures attained
16 in fiscal years 2025-2026, the estimated level of the
17 efficiency measures for fiscal year 2026-2027, and the
18 estimated level for reach of the next six fiscal
19 years. The percentage change from fiscal year to
20 fiscal year of the efficiency measures shall also be
21 reported;



- 1 (2) A narrative and comments on the change in efficiency
- 2 measures from fiscal year to fiscal year; and
- 3 (3) Any intended action to improve efficiency.

4 The information shall be submitted concurrently with, but
5 need not be included in, the budget documents for the executive
6 budget for fiscal biennium 2027-2029.

7 (c) For the purposes of this section:

8 "Budget document" means a multi-year program and financial
9 plan.

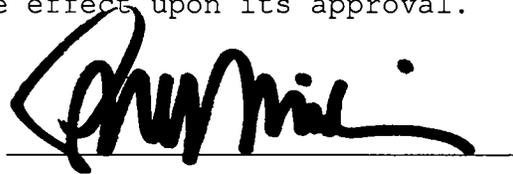
10 "Efficiency measure" means the costs within the lowest
11 level of a program to produce a single unit of an activity or
12 effectiveness measure of that level of the program.

13 SECTION 4. New statutory material is underscored.

14 SECTION 5. This Act shall take effect upon its approval.

15

INTRODUCED BY:



S.B. NO. 1530

Report Title:

UH; BOR; Director of Finance; President of the University of Hawaii; Performance-Based Outcome Funding Program; Efficiency Measures; Reports

Description:

Requires the Board of Regents or the President of the University of Hawaii to allocate general funds appropriated to the University of Hawaii to University of Hawaii program IDs in accordance with performance-based outcomes relating to student achievement and degree attainment. Requires the President to submit reports to the Legislature. Requires the President to propose at least three efficiency measures to the Director of Finance to produce a more effective budget.

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