



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
Senate Committee on Ways and Means
February 25, 2026 at 10:55 a.m.

By

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and

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SB 2602 SD1 – RELATING TO THE GENERAL FUND

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) respectfully opposes SB 2602 SD1, Relating to the General Fund. This bill would require that excess funds in the University of Hawai'i Tuition and Fees Special Fund (TFSF) lapse to the State general fund at the end of each fiscal year.

While we understand the fiscal situation facing the state, we respectfully disagree that taking tuition and fee dollars, paid by UH students and their families to seek a better future through postsecondary education, and to be held in trust by the UH for these purposes, should be redirected to the state general fund. Shifts in federal policy and the termination of grant funding have created significant uncertainty for the UH.

At the same time, major technological changes relating to AI and other needs will require ongoing substantial investment in infrastructure. The UH has outlined major initiatives to ensure it can more effectively and efficiently meet its mission despite these major challenges and to maintain accountability for executing on strategic goals.

These initiatives will benefit all campuses, systemwide and are not intended for the benefit of any singular campus. In general, although it has been the practice for all campuses to retain their TFSF fund balances to be used for campus priorities, there are regular, expected instances where assessments are made against campus fund balances for systemwide initiatives.

Without TFSF fund balances, the UH will be extremely challenged in weathering this period of uncertainty, making the strategic investments needed to produce legislatively mandated outcomes, and sustaining excellence in higher education.

Notably, the bill does not sweep funds on a one-time basis but creates major changes in the overall funding structure of the entire system going forward. Taking these funds will cause significant hardship for campuses that need to fulfill their debt service obligations and properly satisfy recurring, big-ticket equipment support, services, and upgrades required to maintain current service levels. This transfer will impair the UH's ability to respond to emergency and unbudgeted expenses and will encourage short-term spending rather than making long-term investments to diversify UH's revenue. Further, some decisions that have been made will need to be revisited, e.g., the Community Colleges reduced their summer tuition to increase affordability and decrease time to degree completion, and this decision would likely be unsustainable if funds are swept. Respectfully, this bill is contrary to disciplined financial planning and centrally held reserves called for in Act 236, SLH 2015.

Thank you for this opportunity to testify.



The Senate Committee on Ways and Means
February 25, 2026
Room 211
10:55 AM

RE: SB 2602 SD1, Relating to the General Fund

Attention: Chair Donovan M. Dela Cruz, Vice Chair Sharon Y. Moriwaki, Members of the Committee

The University of Hawaii Professional Assembly (UHPA), the exclusive bargaining representative for all University of Hawai'i faculty members across Hawai'i's statewide 10-campus system, **opposes SB 2602 SD1.**

This measure amends HRS §304A-2153 to mandate that unexpended monies in the University of Hawai'i tuition and fees special fund at the end of each fiscal year lapse to the credit of the State general fund. We fundamentally disagree with the premise of treating student tuition as general tax revenue available for unrelated state expenditures. Tuition and fees are paid by students and their families with the specific expectation that those funds will be dedicated to supporting their education, maintaining campus facilities, and funding student services. Sweeping these funds into the State's general fund effectively converts student tuition into a tax, undermining the trust between the University and its students while diverting critical resources away from the classroom.

Furthermore, this measure threatens to destabilize University operations by removing the essential ability to carry over funds. Responsible fiscal management in higher education requires the capacity to save for major repairs, invest in long-term academic initiatives, and maintain a financial buffer against enrollment fluctuations or budget cuts. By forcing a "lapse" of these funds to the general fund, SB 2602 SD1 strips the University of its financial autonomy and stability, making it nearly impossible to plan effectively beyond the current fiscal year. We urge the legislature to protect the investments made by students in their own education and allow the University to retain these funds for their intended purpose.

For these reasons, we respectfully urge the Committee to DEFER SB 2602 SD1.

Respectfully submitted,

Christian L. Fern
Executive Director
University of Hawaii Professional Assembly

**University of Hawaii
Professional Assembly**

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SUBJECT: MISCELLANEOUS, Lapses Funds in the UH Tuition and Fees Special Fund

BILL NUMBER: SB 2602

INTRODUCED BY: EDU

EXECUTIVE SUMMARY: Requires that excess funds in the University of Hawai'i tuition and fees special fund at the end of the fiscal year lapse to the credit of the general fund.

SYNOPSIS: Amends section 304A-2153, HRS, to provide that at the end of each fiscal year, the tuition and fees special fund for each campus is to lapse to the general fund. The statute previously provided that the lapse would be to the credit of program identification number UOH900 (university of Hawaii, system wide support).

EFFECTIVE DATE: Upon approval.

STAFF COMMENTS: This bill may be intended as a technical fix, because a program ID number does not appear to be a valid destination for lapsed funds. The money needs to go to a fund.

If the intention is for the bill to raid one or more special funds, we have the following comments, as appeared in our column dated February 23, 2026:

Use That Hoarded Tuition and Fees Now

We have been writing several pieces about money languishing in special funds. This week we will concentrate on one of them. The University of Hawaii has a special fund for tuition and fees. According to [Department Communication 100](#) submitted to this year's Legislature, that fund built up, as of June 30, 2025, almost \$429 million.

And, unlike some of the special funds we have been writing about, lawmakers are very aware of the big balance in this one. [Senate Bill 2602](#), which recently passed the Senate Education Committee, would lapse any carryover balance in the fund at the end of each year to the State's general fund.

Not surprisingly, the University of Hawaii and the U.H. Professional Assembly howled in opposition.

“Shifts in federal policy and the termination of grant funding have created significant uncertainty for the UH,” the University argued. “At the same time, major technological changes relating to AI and other needs will require ongoing substantial investment in infrastructure. The UH has outlined major initiatives to ensure it can more effectively and efficiently meet its mission despite these major challenges and to maintain accountability for executing on strategic goals.”

Those words might be more believable if the tuition and fees special fund was the only fund the University had. Actually, HRS chapter 304A has three different subparts, one describing 22 special funds, the next describing 14 revolving funds, and the next enumerating 4 different trust funds. Surely, between 40 different non-general funds, the University has the flexibility to take on its major challenges and meet its strategic goals.

And, let's be real here, \$400 million is a major amount of dough. Maybe the University can justify squirreling away a few million here, a few million there. But \$400 million?

And when the University undertakes a major construction project, it doesn't hesitate to visit lawmakers with hat in hand, as was done in 2019 when it asked for authorization to rebuild its venerable Sinclair Library into a brand-spankin'-new Student Success Center. Yes, it got \$41 million in authorization then, and costs ballooned to \$57 million by the time construction started in 2023. Did that extra \$16 million come out of the tuition and fees special fund? According to the testimony before the Senate Education Committee, the excess funds were pulled from a pot of general fund money earmarked for repairs and maintenance. Meaning that the nine-figure sum in the special fund still sat there and there were fewer dollars to tackle the deferred maintenance backlog that the University is famous for.

At the Senate hearing, the University indicated that the fund buildup was due to an influx of pandemic relief funds. But, as [we pointed out with the example of Department of Hawaiian Home Lands funding](#) some weeks ago, if a recipient of federal money doesn't use it, it greatly increases the chance that the federal government will take it away.

We realize that the University's president and chief financial officer are both relatively new in their respective positions. They both pleaded with the committee that they have no intent whatsoever to leave large gobs of cash unused. Fine, then. Come up with an immediate and measurable plan to deploy what is needed. And by immediate I mean now. The State has a financial crisis now. If this cash cannot be deployed now, lawmakers will try to beat it out of us, the taxpayers, now.

Use that hoarded tuition and fees. Now.

Digested: 2/23/2026

SB-2602-SD-1

Submitted on: 2/23/2026 9:31:42 PM

Testimony for WAM on 2/25/2026 10:55:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Support

2602 SB RELATING TO THE GENERAL FUND.