

## ACT 136

S.B. NO. 2067

A Bill for an Act Relating to Higher Education.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Act 333, Session Laws of Hawaii 1990, established the Hawaii opportunity program in education (HOPE) special fund for scholarships for financially needy students with priority given to students from ethnic groups that are underrepresented in the student population of the University of Hawaii. Only interest from the fund would be used for HOPE scholarships, stipends, and mandatory fees.

Act 182, Session Laws of Hawaii 1997, changed the original HOPE special fund program by creating the HOPE endowment special fund with the board of regents, rather than the director of finance, responsible for the management of this fund. No scholarships or tuition waivers for this program have been provided to date. A major problem is that interest available for scholarship support is inadequate because \$5,000,000 from the special fund corpus was deposited to the university student tuition and fees special fund in 1995. None of these funds were used to provide scholarship support or student services programs specifically for financially needy underrepresented students.

The purpose of this Act is to be consistent with the original purpose of HOPE by providing the University of Hawaii resources to support student diversity and to recruit and retain financially needy students with priority given to students from underrepresented ethnic groups.

This Act also terminates the HOPE endowment special fund and deposits the balance of approximately \$1,000,000, as of December 2001, to the credit of the university student tuition and fees special fund to be used to fund programs to recruit and retain students from underrepresented ethnic groups and to fund student diversity programs.

The university is encouraged to seek private funding for HOPE scholarship support. The university shall continue to provide annual reports to the legislature on tuition waivers and scholarship support to financially needy students from ethnic groups that are underrepresented in the student population of the university through HOPE.

SECTION 2. Section 304-8.95, Hawaii Revised Statutes, is amended to read as follows:

**“§304-8.95 Hawaii opportunity program in education [endowment special fund.** (a) ~~There is created in the treasury of the State, the Hawaii opportunity~~

~~program in education (HOPE) endowment special fund. Expenditures from the Hawaii opportunity program in education endowment special fund shall be limited to:~~

- ~~(1) Providing funds to award scholarships, stipends, and mandatory fees for the University of Hawaii to financially needy students with priority given to students from ethnic groups which are under represented in the student population of the University of Hawaii; and~~
- ~~(2) Pay all costs incident to the prudent investment of the principal and income deposited in the endowment special fund.~~

~~Appropriations or authorizations from the Hawaii opportunity program in education endowment special fund shall be expended by the board of regents.~~

~~(b) The endowment special fund shall be administered by the board of regents, which shall also be responsible for investing the principal and income deposited therein.~~

~~(c) Scholarship, stipend, and mandatory fee awards for the University of Hawaii, funded by sums from the Hawaii opportunity program in education endowment special fund, shall be made beginning in the fiscal year 1998, in accordance with rules adopted by the board of regents pursuant to chapter 91. The rules shall include criteria for determining under representation of particular groups in the student population of the university and financial need. Scholarship, stipend, and mandatory fee awards shall be made from appropriations or authorizations from the Hawaii opportunity program in education endowment special fund, and only earnings from the investment of principal and income on deposit in the endowment special fund received after June 30, 1997, shall be available for such appropriations or authorizations. The total sum appropriated or authorized for scholarship, stipend, and mandatory fee awards in any fiscal year shall not exceed ten per cent of the amount deposited in the endowment special fund on June 30, 1997, and in no event shall the total sum appropriated or authorized out of the special fund for scholarship awards in any fiscal year cause the amount deposited in the Hawaii opportunity program in education endowment special fund to be less than the amount on deposit in the special fund on June 30, 1997.~~

~~(d) Notwithstanding any law to the contrary, revenues derived from private organizations and individuals may be received by the Hawaii opportunity program in education endowment special fund and may be managed and invested pursuant to this section]. There is established the Hawaii opportunity program in education (HOPE) to be placed within the University of Hawaii for administrative purposes to support financially needy students with priority given to students from ethnic groups that are underrepresented in the student population of the University of Hawaii. The University of Hawaii is encouraged to provide tuition waivers and seek private donations for scholarship support for HOPE students.~~"

SECTION 3. Section 304-16.5, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) The board of regents, or its designated representatives, is authorized to grant, modify, or suspend tuition waivers. The board of regents shall provide a report and make recommendations as appropriate to the legislature on all tuition waivers no later than twenty days prior to the convening of each regular session. This report shall include but not be limited to the number of tuition waivers and scholarships, stipends, and mandatory fees granted to financially needy students from ethnic groups that are under-represented in the student population of the University of Hawaii through the Hawaii opportunity program in education [endowment special fund]."

SECTION 4. The University of Hawaii shall transfer to the credit of the University of Hawaii tuition and fees special fund on July 1, 2002, all unexpended or unencumbered balances remaining in the HOPE endowment special fund scheduled for repeal on the effective date of this Act. The funds transferred shall be used to support university programs to recruit and retain financially needy students with priority given to students from ethnic groups underrepresented in the student population of the University of Hawaii and to support student diversity programs.

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2002.

(Approved June 6, 2002.)