



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Higher Education
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by
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SB 1161 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Kahele, Vice Chair Kidani and members of the Committee on Higher Education:

Thank you for this opportunity to testify. The University of Hawai'i (UH) **opposes** SB 1161, Relating to the University of Hawaii. This bill prohibits the University of Hawai'i Board of Regents from increasing tuition fees until 2027. It further requires the university to report to the legislature regarding tuition increases and the university's repair and maintenance costs.

Eliminating any tuition increases for the next ten years at the University is not a realistic means to fund a government operation. Tuition rate increases already go through a rigorous public notification and communication process, which are subject to the open meeting requirements of Chapter 92, Hawai'i Revised Statutes. Executive Policy 6.202 requires at least one such meeting be held on Hawai'i, Maui, Kaua'i, and O'ahu islands. These meetings, and the general public scrutiny regarding UH's tuition rates, already ensures a large amount of public input will be provided to the Board of Regents as it deliberates any tuition rate increases.

Regent Policy 6.202 states that:

“The ultimate intent of this policy is that every qualified Hawai'i citizen shall have an opportunity to pursue postsecondary education within the university system. Since tuition and mandatory fees are critical to access, they shall not be so uniformly high that they prevent qualified citizens from attending a campus of the university. As a general principle, the board subscribes to a tuition policy that seeks to keep costs to resident students at the lowest practical level while maintaining a financial aid program that responds to the needs of students who cannot meet the costs of attendance.”

Admittedly, tuition increases at the University of Hawai'i over the last ten years, have resulted in tuition being significantly higher than they were in 2005. However, it may be important to note that tuition at UH as recently as 2011 was still considered very

cheap. And, even considering the tuition rates in 2016, while they are significantly greater than in 2005, are still low compared to other public universities.

This bill should recognize that the historical period of tuition rate increases coincided with reductions in state general fund appropriations to the University. General fund appropriation to UH have declined significantly since 2009, as shown in the table below. **In fact, general fund appropriations for FY2016 are still roughly \$33 million, or about 7 percent below FY2009 levels.**

<u>Fiscal Year</u>	<u>GF Appropriation</u>	<u>% change</u>
2009	\$ 460,482,584	
2010	\$ 422,591,205	-8.23%
2011	\$ 360,687,276	-14.65%
2012	\$ 386,307,258	7.10%
2013	\$ 377,460,254	-2.29%
2014	\$ 386,721,245	2.45%
2015	\$ 409,656,245	5.93%
2016	\$ 427,574,683	4.37%
2017	\$ 428,293,331	0.17%

The total cost of UH operations used to be funded more substantially from general fund support. General fund support declined during the last recessionary (economic) cycle as state tax revenues also waned. Tuition became increasingly more essential to maintain operations at the University. Today, tuition is necessary to fund over 33% of University operations and the cost of education.

Although tuition rate increases have grown the overall cost of tuition, the real dollar amount of tuition still means that UH is an affordable option compared to other public universities. Furthermore, tuition pays for only a portion of the cost to provide an operating university. Precluding decisions on tuition revenue without accommodating a commitment from the Legislature to make up the difference in the cost of education will not address the operational needs of education at UH. The cost of operating every state department has increased over the same period of time.

The Board of Regents have approved a tuition schedule that begins in academic year (AY) 2017-18 and runs through AY2019-20. The schedule has **NO INCREASES** approved in AY2017-18. Increases approved for AY2018-19 and AY2019-20 are only up to 2.0% - and, even then, only if necessary to fund revenue bonds for capital projects to address deferred maintenance of the University. This is another area of funding where the Legislature has reduced the amount of capital funding to the University over the same period of time. The UH Administration and the Board of Regents are very conscious of the impact of tuition increases on affordability. Both the

Administration and Regents are focused on rebuilding UH's affordability and preserving accessibility, but funding to operate a world class university system must be achieved.

In its "2016 College Affordability Diagnosis," the University of Pennsylvania Graduate School of Education found that Hawai'i ranked third overall as the most affordable state when considering the percentage of family income required for residents to finance the full cost of a public higher education. The Community Colleges were found to be the most affordable two-year public higher education institutions in the nation; Mānoa was ranked 5th among states in providing affordable access to a public research university education; and Hawai'i ranked 7th in affordable access to a public four-year non-doctoral institution education through its Hilo and West O'ahu campuses.

Thank you for your time and consideration.