SB 2552 – RELATING TO THE BUDGET

Chair Taniguchi, Vice Chair Kahele and members of the Committee:

We appreciate the opportunity to present our comments opposing this measure, which:
repeals the University System’s exemptions from the quarterly allotment system; and
prohibits the University System from transferring funds between fiscal quarters,
programs and cost elements. These amendments would seriously impede our ability to
leverage our myriad of revenue sources, particularly given the fact that our general fund
appropriation represents only 40 percent of our entire operating budget. Further, these
amendments would prohibit us from transferring funds between programs that are
intended to be financed with both state appropriations and non-general funds. For
instance, some of our administrative programs receive both general fund appropriations
and non-general fund revenues from the campuses to support system wide central
services such as information technology, risk management, and payroll processing.

Additionally, we recently adopted the Kuali Financial System (KFS), an open source
financial management system developed by a consortium of universities to assist public
and private universities in managing their various revenues using electronic tools. The
KFS system does not recognize fiscal quarters, per se, and requires our fiscal
administrators to develop and input an annual budget at the beginning of each fiscal
year. Should we be required to request quarterly allotments from the Department of
Budget and Finance, this measure would essentially add more paperwork for our fiscal
administrators (FAs), who are realizing the potential that KFS offers in managing their
day-to-day fiscal responsibilities using electronic tools.

Therefore, we respectfully request that this measure be deferred.