UNIVERSITY OF HAWAIʻI SYSTEM
Legislative Testimony

Testimony Presented Before the
Senate Committee on Judiciary and Labor
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by
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SB 248 – RELATING TO TRUST FUNDS

Chair Keith-Agaran, Vice Chair Shimabukuro, and members of the Judiciary and Labor committee:

Thank you for this opportunity to testify. Senate Bill 248, Relating to Trust Funds, proposes to require that expenditures from trust funds for employee compensation, including fringe benefits, and some contracts for services under Section 103D-104, HRS, are to be appropriated and allotted. The University of Hawaiʻi (UH) has concerns regarding the practicality of this bill.

UH does have a number of trust funds that are subject to periodic review by the Legislative Auditor. As recently as December 2014, the Auditor conducted a review of the appropriateness of trust funds within UH.

Trust funds provide a specific operational feature. Section 37-62, HRS, defines the purpose of trust funds to be a fiduciary responsibility of state government in which the assets are held only for those designated to benefit from the funds. While trust funds at UH don't pay for normal payroll per se, there are trust funds that do pay for compensation. For example, Section 304A-2352, HRS, created the University of Hawaiʻi Workers' Compensation and Unemployment Insurance Compensation Trust Fund. The fund pays employees' claims for workers compensation and unemployment insurance benefits. It would be difficult to pre-determine a rate of payout in the budget process that would satisfy future year's claims for compensation.

The practical impact of SB 248 on trust fund objectives and operations could be significant.

The University of Hawaiʻi appreciates the opportunity to express its concerns.