



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education & Technology
February 11, 2022 at 2:00 p.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

HB 2188 – RELATING TO THE UNIVERSITY OF HAWAII TUITION AND FEES SPECIAL FUND

Chair Takayama, Vice Chair Clark, and members of the committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (University) supports HB 2188, Relating to the University of Hawaii Tuition and Fees Special Fund.

This measure would put into statute the practice that the Department of Budget and Finance, the Department of Accounting and General Services, and the University have utilized for over 15 years as a cost-sharing arrangement that has been financially beneficial to both the University and the rest of State government. Having this arrangement in place has allowed the State to avoid reductions in force at the University during times of general revenues decline and has also saved the State from using general fund tax revenues to pay for general fund appropriated positions. The arrangement has also assisted in mitigating the needs for increased tuition revenue at the University through substantial tuition rate increases that would be required to cover the associated fringe benefit costs.

The current cost-sharing arrangement has the University utilizing tuition and fees to pay for the salaries of general fund authorized positions – thereby, reducing the general funds that would have had to been paid for the positions. The State continues to fund the associated fringe cost with general funds as for all general fund authorized positions in the State. Fringe cost expenses associated with positions, have increased from 50 to 60+ percent in recent years. The University currently pays approximately \$30 million and the State pays approximately \$15 million towards this cost-saving arrangement.

Thank you for this opportunity to testify.