

To: Representative Dwight Takamine
Chairperson, House Finance Committee

From: Shirley Daniel, Principal Investigator, GEAR UP Hawai'i

Date: February 26, 2004

Subject: Support of H.B. 1893, Relating to Education

This testimony is in support of H.B. 1893. This bill is not requesting any General funds. It will simply help clear a barrier that is preventing the State of Hawai'i from accepting federal funds.

In September 2000, the University of Hawai'i, on behalf of the State of Hawai'i, received a 5-year, \$10.2 million grant from the U.S. Department of Education's GEAR UP Program. GEAR UP stands for Gaining Early Awareness and Readiness for Undergraduate Programs. The purpose of GEAR UP nationwide is to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. GEAR UP is unique from other federally funded initiatives in that it starts earlier – interventions must begin no later than the 7th grade. GEAR UP Hawai'i is housed and administered by the College of Business at the University of Hawai'i at Manoa.

All GEAR UP State grants are required to have two major components. The first is an *early intervention component*. Activities in this category can range from helping students become more aware of college, to helping the school itself better prepare students for rigorous coursework. GEAR UP Hawai'i has been sponsoring a number of school-based interventions in 32 of Hawai'i's low-income middle schools. These include professional development for teachers, tutoring for the students, and activities that foster parent and community involvement.

The second component required of all GEAR UP State grants is a *scholarship component*. Scholarships can be valuable tools for motivating students by rewarding progress and providing incentives for students to persist. GEAR UP Hawai'i budgeted approximately \$3.8 million for the scholarship component. It is planned for these funds to be awarded over 4 years, from 2006 thru 2009. In perspective, the entire UH Foundation awarded approximately \$3.2 million in scholarships last year. Clearly, the addition of these funds will make a substantial contribution to the scholarship pool that is available in this state.

In accepting this money, however, the University must comply with a number of federal stipulations. The one that H.B. 1893 will address is an assurance that these scholarship funds will go to the participants of the GEAR UP program. As mentioned above, the early intervention component of this grant requires the project to target students no later than their 7th grade year. This grant started in 2000, so the first class that could be served was the Class of 2006, who will be graduating from high school after the grant expires. In order to assure that the GEAR UP Scholarships are disbursed properly, the funds need to be transferred to a trust, in accordance with state trust laws. Federal guidelines also state that an entity other than the grantee must have legal control of the trust, and the grantee may not retain any type of reversionary interest in the funds. Basically, the trust must be administered outside of the control of the grantee, the University of Hawai'i.

This Bill will allow the University of Hawaii to establish such a trust and will allow the trust to operate as the grant intended. This Bill will also confirm the private nature of the trust, preventing it from being treated as a public or quasi-public entity.

It is important for this committee to pass H.B. 1893 because it will allow the State of Hawai'i to access the \$3.8 million in federal dollars that have already been allocated for low-income youth here in Hawai'i.