



UNIVERSITY OF HAWAII SYSTEM

TESTIMONY

HB 3173 MAKING AN APPROPRIATION FOR THE
UNIVERSITY OF HAWAII AT HILO

Testimony Presented Before the
House Committee on Higher Education

February 4, 2006

by

Rose Y. Tseng
Chancellor
University of Hawai'i at Hilo

Testimony Presented Before the
House Committee on Higher Education

February 4, 2006

by

Rose Tseng, Chancellor
University of Hawai`i at Hilo

**HB 3173 MAKING AN APPROPRIATION FOR THE UNIVERSITY OF
HAWAI`I AT HILO**

Chair Waters and Member of the Committee:

HB 3173 has two major objectives: Enhancing the employability of students and graduates of the University of Hawai`i at Hilo (Section 1); and Entrepreneurship Training and Technology Management (Section 2)

Section 1. Career Planning & Placement Initiative Portion

UH Hilo strongly supports the adoption of House Bill 3173. Its passage will benefit our students and alumni, as well as the economic development of the Big Island. As is noted in the bill, Hawaii County has the highest unemployment rate of any county in the State. Even in the current robust economy, competition for management-track, technical, and professional positions remains very keen.

Cooperative Institutional Research Program studies have shown that over 65% of college freshmen say that getting a better job after graduation is their main reason for coming to college. Unfortunately, for many UH Hilo alumni their post-graduation dreams remain unfilled and they find themselves significantly "under-employed".

By enhancing our Career Center, we will be able to expand our outreach to our economically disadvantaged & first-generation college students and help them make well-reasoned career choices, develop educational plans consistent with those choices, and develop the job-search skills necessary to compete in the professional job market. We will also be able to simultaneously increase our outreach and services to the Island's employer community, increase their awareness of UH Hilo's pool of talented young professionals and facilitate the interaction between our students and the Island's employer base. Implicit in these efforts is the goal of developing Hawaii's management, technical and professional employees within the community rather than importing them.

Section 2. Entrepreneurship Training and Technology Management

Entrepreneurship Training and Technology Management provides for the establishment and funding of two positions in the College of Business and Economics at the University of Hawaii at Hilo, in support of UH Hilo's strategic commitment to provide high quality management education for its students and rural communities and to be a catalyst for community economic development.

The need for small business and entrepreneurship education exists throughout the State, but nowhere is the need greater than in the rural areas. Because rural areas are characterized by smaller firms and lower density job counts, students who are trained in the management of small enterprises or business startups are best prepared to contribute to their communities. Almost one half of Hawaii's 4,000 businesses are micro-businesses with 1 to 4 employees (DBEDT Data Book, 2004). Rural area economic growth will therefore depend on the innovation and entrepreneurship of the people in these small businesses and the ability of educational institutions like UH Hilo to provide appropriate education and training.

To support this critical need, the UH Hilo College of Business and Economics (CoBE) plans to become the State's premiere center for small business and entrepreneurship education. The College was just accredited in 2005 by the AACSB International-- The Association to Advance Collegiate Schools of Business, the most prestigious accrediting body for management education world-wide.

UH Hilo is the only institution in a rural location in Hawaii with AACSB accreditation. AACSB accreditation represents high quality, rigorous standards, continuous improvement and international peer review. These standards call for 1) clear articulation of our mission and who we serve, 2) well developed processes for student admission and retention and for faculty recruitment and development for effective teaching, learning, and creative scholarly efforts, and 3) assurance of learning through assessment of skills and knowledge targeted in the curriculum. Successful completion of this very arduous process reflects the diligent, coordinated efforts of the CoBE faculty, students, and business advisory board members. CoBE has 380 majors, approximately 93 percent of them in business administration.

Part of the College's plan to become a center for small business and entrepreneurship education is to place a Dean who can provide needed leadership in program development responsive to community needs. The Dean of CoBE has overall responsibility for the teaching, research, service, grant writing, and fundraising functions of the College, including budget, personnel and management for day-to-day operations and future directions. The Dean also has over-all responsibility for the important maintenance of accreditation and curriculum program reviews of College

A CoBE Dean was hired, effective September 2005. The process to fill this position was initiated in response to a very strong AACSB recommendation that the Dean be in place to provide needed stability in leadership during the College's initial five-year review cycle as an accredited business school. The UH Hilo administration supported this recommendation by internally reallocating an E/M position. The individual selected for the CoBE Dean position in a national search was a UH Hilo faculty member, and funding for the Dean position was then reallocated away from that faculty line. However, UH Hilo does not now have the flexibility to support needed infrastructure growth in the institution and the quality of instruction in the former faculty member's area of tourism economics is at risk.

To ensure that students continue to have access to quality instruction in what is arguably the State's largest export industry and a growth area for small business in our rural economies, the CoBE Dean position and related funding needs to be restored. This will avoid the 'hollowing out' of the College's core competencies and enhance the employability of the College's students in an important economic sector.

The UH Hilo Small Business Incubator was established in 2004 to provide incubation services for business startups located in East Hawaii and to serve as a laboratory for student entrepreneurship education, through internships or consultancies. In a partnership agreement with the High Tech Development Corporation, HTDC is currently operating the Incubator for UH Hilo through a contract that will expire in 2007. HTDC primarily provides incubation services.

The Small Business Incubator has approximately 3,000 available square feet and is currently at full occupancy. It houses the Hawaii Island Economic Development Board (HIEDB) and 8 small businesses. Not counting the employees of HIEDB, businesses in the incubator have created 9 jobs, and an estimated 32 indirect jobs, in the Incubator's first full year of operation in 2005. These businesses represent a range of service industries: computer technology business services, financial management services, legal and accounting services, court reporting services and driving instruction services. A 50-seat conference room is available for meeting rental and is increasingly used by local businesses, industry associations and non profit organizations. The Incubator is earning lease revenues in the range of \$40,000 to \$45,000 and has direct non-personnel expenditures of approximately \$15,000.

The Director of the Small Business Incubator will have overall responsibility for business incubation, experiential entrepreneurship learning, and business community outreach functions of the Small Business Incubator, including budget, personnel and management for day-to-day operations and future directions.

To ensure continuation of this needed economic development effort and to enhance the ability of students to learn entrepreneurship skills, the position for Director of the Small Business Incubator and related funding is needed. This will enable UH Hilo to assume management of the Small Business Incubator when the contract with HTDC expires in 2007 and, more importantly it will enhance the employability of our students and the entrepreneurial capacity of Hawaii's rural communities.

We support this bill provided that its passage does not replace or adversely impact priorities as indicated in our BOR Approved Executive Supplement Budget.