



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

WRITTEN TESTIMONY

Senate Committee on Ways and Means

March 19, 2013 at 9:00 AM

By

MRC Greenwood, President

University of Hawai'i

House Bill No. 200, H.D.1 Relating to the State Budget

Chair Ige, Vice Chair Kidani, and Members of the Senate Committee on Ways and Means

Good Morning and thank you for the opportunity to submit testimony in support of our Fiscal Biennium 2013-2015 Budget Request. The University of Hawai'i System is appreciative of the ongoing general fund support from the Hawai'i State Legislature. These general funds, in addition to extramural grants and students' tuition revenues, allow the University System to fulfill our core missions of education, research, and public service. Our efforts to improve student success have resulted in a 20 percent increase in graduates since 2008, adding to the State's workforce capacity. Our research mission, in particular, is a critical component of the economic engine of our State. Based upon recent analysis from the University of Hawai'i Economic Research Organization (UHERO), our State's economic recovery is moving in a more positive direction, and the March 15 Council on Revenues projection seems to underscore such recovery. We therefore respectfully request additional general and capital improvement funds so that we can continue to support the State's economic recovery.

We are distressed by the devastating amount of reductions to the general funds to the University's budget contained within the House Draft 1 (HD1). General fund support of public higher education has been declining over the past several biennia and endangers our ability to serve the State. In the face of decreasing general fund support, the University has already shifted more and more basic operating costs, such as faculty and staff salaries and utility expenses, from general funds to tuition. Placing the burden of additional operating expenses on tuition may prevent us from engaging in investments such as classroom upgrades and

repairs to address our deferred maintenance backlog. Thus, as a first step, we urgently request that the Senate restore the reduction of \$14,048,715 to our general fund base operating budget as reflected in H.B. 200, H.D.1.

With regard to the reduction of vacant position counts within the University System base operating budget, we believe that the deletion of 292 positions systemwide, is too much of a reduction. I have instructed the Chancellors to identify those temporary positions that reflect, in fact, permanent needs, and to reallocate resources to make those positions permanent. I have also directed the transfer of vacant general fund position counts between campuses where there is an urgent need; acknowledging that we must take action as a system in sharing resources, as appropriate. Some of these actions have already been taken. However, these are ongoing processes that are not yet completed. Should the Senate wish to reduce vacant position counts, we respectfully request that we work together on a targeted amount of vacant position counts for the entire University System, and then allow the University to identify the specific position counts to eliminate during the execution of our budget in Fiscal Biennium 2013-15.

Within our operating budget, we would like to highlight the following urgent needs for which we would appreciate your full consideration of additional general fund support:

- The House of Representatives approved \$1.0 million in additional general funds in each fiscal year to support full operations at our newly opened West O'ahu campus facilities and educational program expansion. A total increase of \$3.0 million in general funds in each fiscal year will support critical maintenance and safety concerns while addressing increased enrollments projected through FB2013-15.
- The House of Representatives approved \$2.0 million in additional general funds in each fiscal year to reward performance and support the community colleges to continue meeting the increased demand for instruction in the face of unprecedented increases in enrollment. We request that the Senate also support this positive adjustment.

Additional items within our FB2013-15 operating budget request, for which we request your consideration of general fund support, include:

- \$200,000 in FY2013-14 and \$400,000 in FY2014-15 for a statewide longitudinal student data system, built in partnership with the Department of Education and Department of Labor, to provide capacity across the education spectrum for tracking and improving student achievement from pre-school into the workforce statewide. Implementation of such a system was an assurance given to the federal government in return for ARRA funding.
- \$700,000 in both fiscal years for statewide institutionalization of the Na Pua Noeau program, which builds greater academic capacity for Hawai'i K-12 Native Hawaiian students and increases their readiness for college.
- \$780,000 in FY2013-14 and \$1.0 million in FY2014-15 to expand student access and support student success on all islands in distance learning courses and high-demand programs.
- \$1.0 million in both fiscal years to establish the Hawai'i Institute for Advanced Informatics and Cyberstructure (HIAIC), as a platform to drive research and development within the fields of informatics and cyberinfrastructure and myriad disciplines for which analytics, cybersecurity, visualization, and high performance computing are essential to Hawaii's future.
- \$1.5 million in both fiscal years for Science-Technology-Engineering-Math (STEM) programs that integrate intermediate and high school educational experiences with University-based STEM projects.

With respect to our University System capital improvement project (CIP) budget request, our goal is to leverage State general obligation bond (GOB) funds with our ability to use revenue bonds based on our tuition capacity. The House of Representatives provided an additional appropriation of \$63.275 million in FY13-14, and \$54.5 million in FY14-15, respectively, in GOB funds. However, \$57 million in GOB funds for Health, Safety, and Code Requirements was deleted. The University of Hawai'i is strongly opposed to the deletion of its highest priority to address identified health, safety, and code deficiencies. The original Board of Regents' CIP Budget included \$76.874 million for health and safety requirements, which was significantly reduced in the Governor's CIP Budget. The deletion of funding for essential health and safety improvements will greatly impair the University's ability to provide a safe, conducive learning environment for the many different constituents who use our campus facilities. In addition, the

House budget proposal includes \$76 million in GOB funds for a dedicated major repairs and replacement special fund. We support the financing of repairs and replacement; however, we strongly recommend that GOB funds be appropriated for our growing Capital Renewal and Deferred Maintenance (CRDM) project list, which is the highest CIP budget priority after Health, Safety, and Code Requirements. The original Board of Regents CIP budget included \$281.998 million for CRDM, which included \$122.154 million for Capital Renewal to keep deferred maintenance from increasing. Finally, a priority project within the Governor's CIP request, the Daniel K. Inouye Pharmacy School at our Hilo campus, was not funded. We are asking for an investment of \$39 million in GOB funds and authorization for \$5.0 million in revenue bonds for permanent facilities for our State's only Pharmacy School.

Thank you for the opportunity to testify in support of our FB2013-15 budget request and to express our concerns about House Bill No. 200, H.D.1.