



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
February 21, 2014 at 12:00 p.m.

by
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HB 1652 HD1 – RELATING TO HIGHER EDUCATION

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee:

Thank you for the opportunity to submit testimony on HB 1652 HD1 which establishes a five-year pilot program at the pharmacy school of the University of Hawai'i at Hilo (UHH), under which the school shall be financially self-sufficient and managerially autonomous from the University of Hawai'i. The bill establishes a UHH Pharmacy School Special Fund and a Board of Governors for the Pharmacy School; and appropriates an unspecified sum out of the special fund for the purposes of the Act.

The University of Hawai'i appreciates the intent of the bill, which provides an avenue for funding the Daniel K. Inouye College of Pharmacy's facilities, which is required to maintain its accreditation. The college has met all requirements for accreditation except for having a permanent home. This requirement must be met by June 2014 or the college is in jeopardy of losing its accreditation. The University places a very high priority on maintaining the college, which is the only college of pharmacy in the region.

Provisions of the bill would duplicate or replace parts of the University's functions. The University has an existing mechanism for evaluating new programs. The Board of Governors this bill would establish duplicates the function of the Board of Regents. We believe both provisions are not necessary for the purpose of establishing a self-supporting college.

We are concerned that there are uncertainties in the financial aspects of establishing a college as self-sufficient or autonomous. It is not clear that the college is able to be both self-sufficient on its tuition revenues and able to cover the debt service on the full cost of the building the college requires, especially over the 30-year period of the debt.

The budget request submitted by the Board of Regents of the University of Hawai'i and included by the Governor in his executive budget request has as its first priority for new construction \$28M in general obligation bonds and \$5M in revenue bonds to construct a permanent home for the college. The University continues to believe this is the best approach to funding this building. We stand ready to discuss alternatives, but at this point, we prefer the Governor's proposal to the funding mechanism described in this bill.

Thank you for the opportunity to provide testimony.