



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
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by
Howard Todo, Chief Financial Officer
Vice President of Budget & Finance
University of Hawai'i

HB 1653 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Choy, Vice Chair Ichiyama and members of the Committee:

We appreciate Chair Choy's introduction of this measure, which creates an official consolidated financial report to be submitted by the University of Hawai'i System to the Legislature. We have attached a chart that summarizes most, but not all, of the various types of financial reports that we are required to submit to the Legislature on an annual basis.

We believe that this fragmented reporting has contributed to the lack of understanding of our University system's finances, which are more complicated than a typical state agency. However, we are required by law to comply with these reporting requirements. We further believe that this measure acknowledges that an official consolidated financial report will provide information in a more straightforward and standard format that could be more easily understood by legislators and the public alike.

Finally, we note that many University Systems across the country prepare consolidated financial reports for distribution to internal constituents and for external partners, such as legislative bodies, federal grant agencies, and private foundations. We would appreciate the opportunity to prepare and submit a similar report about the University of Hawai'i System.

Mahalo for your consideration of our testimony.

University of Hawai'i
Budget and Finance
Reporting Requirements

Type of Report	Budget Proviso (Act 134)	HRS	Budget Testimony Tables
Biennium Budget Journal Tables/Appropriations Updates		37-68, 37-71, 37-72	Table 3, 4, 5, 6, 7, 8, 9, 10, 11
Biennium and Supplemental Budget Request Forms		37-68, 37-71, 37-72 Form A, Form B (Op), Table R, Table S (CIP)	Table 3, 4, 5, 6, 7, 8, 9, 10, 11
Hawai'i Annual Financial Audit/University of Hawai'i Annual Financial Audit		40-4, 40-5	
Non-general fund balances and projections	Section 129	37-47, 304A-2007	Table 12
Transfers of Appropriated Funds & Positions	Section 93	37-74	Table 10
Annual Report on Trust Fund Revenues and Gifts		304A-106	
Annual Report on Salaries/Salaries Exceeding Governor's Salary	Section 130	304A-1004	
Annual Report on University of Hawai'i tuition and fees special fund	Section 129	304A-2153	Table 12
Annual Report on Hawai'i scholarship and assistance special fund	Section 129	304A-2159	Table 12
Annual Report on Research and Training revolving fund	Section 129	304A-2253	Table 12
Annual Report on Community College Conference Center revolving fund	Section 129	304A-2273	Table 12
Personnel Actions (Vacant Positions, Separations/Hires/Unbudgeted Positions)	Section 113	37-68, 37-71, 37-72	Table 13, 14, 15
Overtime /Compensatory Time/Overpayments			Table 18, 19
Annual Report on Salaries/Salaries Exceeding Governor's Salary	Section 130	304A-1004	
Capital Improvement Projects/Revenues Bonds	Section 66, 74, 75	304A-2689	Table 20, 21, 22

ACT 134, Session Laws of Hawai'i 2013 (General Appropriations Act – FB13-15)

SECTION 129. Provided that the **University of Hawaii** shall prepare a report on all of its revenue sources that includes the following:

- (1) A description of each source of revenue to include identification of the source and amounts;
- (2) The actual and projected uses for each source of revenue identified by specific categories for expenditure and amounts; and
- (3) Identification of all obligations, projected obligations, and amounts placed on each source of revenue in excess of those identified in paragraph (2), including but not limited to revenues and reserves required to issue and pay the debt service on bonds, fund other debt instruments, fund projected collective bargaining increases, and initiate or expand programs; provided further that the report shall cover actual and projected data for fiscal year 2013-2014 and fiscal year 2014-2015 and projections for the subsequent six-year planning period; provided further that the University of Hawaii shall submit the report to the legislature no later than sixty days prior to the convening of the 2014 and 2015 regular sessions.

SECTION 93. Except as otherwise provided in this Act, each department or agency may transfer positions within its respective authorized position ceiling for the purpose of maximizing the utilization of personnel resources and staff productivity; provided further that all such actions shall be with the prior approval of the governor and shall be consistent with appropriations provided in this Act and with provisions of part II of chapter 37, Hawaii Revised Statutes; provided further that the governor shall submit a report to the legislature within five days of each use of this authority; provided further that the report shall include the date of the transfer, the position transferred, the program from which the position was transferred, the program to which the position was transferred, responsibilities of the position prior to transfer, the responsibilities of the position after the transfer, and the manner in which the transfer maximizes the utilization of personnel resources and staff productivity; and provided further that the governor shall submit to the legislature a summary report of all uses of this authority for the previous twelve month period from December 1 to November 30 no later than thirty days prior to the convening of the 2014 and 2015 regular sessions.

SECTION 130. Provided that, before the University of Hawaii, during the fiscal biennium 2013-2015, renews or extends the employment of or initially appoints an officer or employee whose prospective annual salary is at least the same as the annual salary of the governor, the university's board of regents shall approve that prospective annual salary; provided further that this requirement shall not apply to the prospective salary for a position established under a collective bargaining agreement; provided further that, to determine whether the "prospective salary" of an officer or employee is subject to board approval pursuant to this section, "prospective salary" shall include annual base salary plus any allowances, or expense reimbursements or payments; and provided further that this section shall supersede any conflicting policy or directive of the board of regents. The chair of the university's board of regents shall certify that the university has complied with this section during each fiscal year of the fiscal biennium 2013-2015. The certification for a fiscal year shall be submitted to the legislature before the January 1 immediately following the end of the fiscal year.

SECTION 113. Provided that no funds, including federal funds, shall be expended to fill in the fiscal biennium 2013-2015 any temporary or permanent position unless the position is authorized by a general or supplemental appropriations act item or proviso that is in effect; provided further that:

(1) This prohibition shall not apply to:

(A) Positions established by the University of Hawaii or Hawaii health systems corporation;

(B) Positions that entirely federally funded;

(C) Positions for special projects approved by the governor;

(D) Positions established by an agency or department pursuant to explicit statutory authorization to establish such positions; and

(E) Positions established by an agency or department for a program or project funded by an appropriation in an act other than a general or supplemental appropriations act;

(2) If an agency or department intends to fill a temporary or permanent position, the funding for which is not prohibited under paragraph (1), the agency or department head shall notify in writing the legislature and department of budget and finance of the intent to do so. The notification shall be provided at least fourteen days prior to commencing recruitment for the position or, if no recruitment occurs, making an offer to fill the position. The report required under this paragraph shall certify the following:

(A) The legal authority used to establish the position;

(B) That the position was properly established pursuant to valid legal authority to establish the position;

(C) The date the position was established;

(D) The projected date the position will be filled;

(E) The amounts projected to be expended in fiscal year 2013-2014 and fiscal year 2014-15

(F) The source of funds to be used to pay for the position; and

(G) The functions to be performed by the position;

(3) An agency or department that has filled a temporary or permanent position, the funding for which is not prohibited under paragraph (1), during the fiscal period July 1, 2013 to December 31, 2013, the fiscal period January 1, 2014 to December 31, 2014, or the fiscal period January 1, 2015 to June 30, 2015, shall submit to the department of budget and finance a report listing the positions that were filled during the applicable fiscal period. The report shall be submitted within fifteen days of the end of the applicable fiscal period; and

(4) The department of budget and finance shall submit to the legislature a summary report listing all unauthorized positions filled during each fiscal period specified under paragraph (3) within fifteen days of the end of the applicable fiscal period. For the purposes of this paragraph, "unauthorized positions" means a position subject to paragraph (1).

SECTION 66. UNIVERSITY OF HAWAII REVENUE BONDS. The University of Hawaii board of regents may issue revenue bonds for capital improvement program projects authorized in part II and listed in part IV of this Act and designated to be financed by revenue bond funds, in principal amounts as are required to yield the amounts appropriated for capital improvement program projects, and if determined by the board of regents and approved by the governor, any additional principal amount deemed necessary by the board of regents to pay interest on the revenue bonds during the estimated period of construction of the capital improvement program project for which the revenue bonds are issued, to establish, maintain, or increase reserves for the revenue bonds, and to pay all or any part of the expenses related to the issuance of the revenue bonds. The revenue bonds shall be issued pursuant to the provisions of part III of chapter 39, Hawaii Revised Statutes, as amended, except that the bonds shall be issued in the name of the University of Hawaii and not in the name of the State. The principal of and interest on the revenue bonds, to the extent not paid from the proceeds of the revenue bonds, shall be payable from and secured by the revenues derived from facilities under the ownership of the University of Hawaii or operated and managed by the University of Hawaii, or any part thereof as the board of regents may determine, including other moneys, rates, rents, fees, or charges currently or hereafter derived from or arising through the ownership, operation, and management of university facilities and the furnishings and supplying of the services thereof. The expenses related to the issuance of the revenue bonds, to the extent not paid from the proceeds of the bonds, shall be paid from the special funds of the University of Hawaii.

The governor, in the governor's discretion, may use University of Hawaii special funds to finance those projects authorized in part II and listed in part IV of this Act where the method of financing is designated to be by University of Hawaii revenue bond funds; and provided further that the governor shall submit a report to the legislature of all uses of this authority for the previous twelve month period from December 1 to November 30 no later than thirty days prior to the convening of the 2014 and 2015 regular sessions.

SECTION 74. After the objectives and purposes of appropriations made in this Act from the general obligation bond fund for capital improvement projects for the University of Hawaii have been met, unrequired balances shall be transferred to the University of Hawaii project adjustment fund appropriated in part II and described in part IV of this Act, and shall be considered a supplementary appropriation thereto; and provided further that the governor shall submit a report to the legislature of all uses of this authority for the previous twelve month period from December 1 to November 30 no later than thirty days prior to the convening of the 2014 and 2015 regular sessions.

SECTION 75. If authorized appropriations specified for University of Hawaii capital improvement projects listed in this Act or in any other act currently authorized by the legislature are insufficient, and where the source of funding for the project is designated as the general obligation bond fund, the governor may make supplemental allotments from the University of Hawaii project adjustment fund appropriated in part II and described in part IV of this Act to supplement any currently authorized capital investment cost elements; provided further that such supplemental allotments from the project adjustment fund shall not be used to increase the scope of the project; and provided further that the governor shall submit a report to the legislature of all uses of this authority for the previous twelve month period from December 1 to November 30 no later than thirty days prior to the convening of the 2014 and 2015 regular sessions.

Hawai'i Revised Statutes

§37-68 Responsibilities of agencies. Under such rules as may be prescribed by the director of finance with the approval of the governor:

(1) Every agency assigned the task of developing programs and preparing program and financial plans, budgetary requests, and program performance reports shall develop such programs and prepare such plans, requests, and reports and submit the same to the director of finance at such times, on such forms, and in such manner as the director may prescribe. For informational purposes, the University of Hawaii shall submit its program and financial plans, budgetary requests, and program performance reports to the legislature at the same time the university submits them to the director of finance. Where new programs are being proposed, every agency shall demonstrate that the program:

(A) Is an appropriate function of state government; and, as applicable

(B) Can be implemented by the public sector as cost-effectively as the private sector while meeting the same plans, goals, objectives, standards, measures of effectiveness, wage, salary, conditions of employment, and employee benefit programs of the State;

(2) Every agency administering state programs and every agency responsible for the formulation of programs and the preparation of program and financial plans, budgetary requests, and program performance reports, shall furnish the department of budget and finance all such documents and information as the department may from time to time require. Each agency shall make available to the legislature and any member or committee of either house of the legislature, all documents and information as may be requested; and

(3) The director of finance or any employee of the department of budget and finance, when duly authorized, for the purpose of securing information, shall have access to and may examine any books, documents, papers, or records of any agency. [L 1970, c 185, §8; am L 1994, c 263, §1; am L 1998, c 115, §9]

§37-71 The budget. (a) Not fewer than thirty days before the legislature convenes in every odd-numbered year, the governor shall submit to the legislature and to each member thereof a budget that shall contain the program and budget recommendations of the governor for the succeeding two fiscal years. The budget, in general, shall contain:

(1) The state program structure;

(2) Statements of statewide objectives;

(3) The financial requirements for the next two fiscal years to carry out the recommended programs; and

(4) A summary of state receipts and revenues in the last completed fiscal year, a revised estimate for the fiscal year in progress, and an estimate for the succeeding biennium.

(b) The information contained in the budget shall be presented generally in the following manner:

- (1) Information shall be displayed by programs or groups of programs.
- (2) Program financial requirements shall be appropriately crosswalked between the programs and expending agencies.
- (3) Data shall be appropriately summarized at each level of the program structure.
- (4) Program costs shall include all costs, including research and development, operating and capital, regardless of the means of financing, except that the means of financing shall be expressly identified, and regardless of whether the expenditure of any sum was authorized by prior appropriations acts, is authorized by existing law, or requires new authorization, except that the amounts requiring new authorization shall be appropriately identified.
- (5) Financial requirements shall be presented to the nearest dollar, omitting cents; and the summary of state receipts and revenues shall be presented to the nearest thousand dollars.
- (6) The budget shall reflect the ensuing first two fiscal year program costs contained in the six-year program and financial plan.

(c) The display of financial requirements for the ensuing two fiscal years shall more specifically include:

- (1) At the lowest level on the state program structure, for each program:
 - (A) The total recommended expenditures, including research and development, capital and operating costs, by cost categories and cost elements for the ensuing biennium; the planned allocation of the total biennial request, by cost categories, and cost elements, between the two fiscal years of the biennium. The means of financing and the number of positions included in any cost category amount shall be appropriately identified;
 - (B) A summary showing means of financing the total recommended expenditures, those amounts requiring and those amounts not requiring legislative appropriation or authorization for spending in each fiscal year of the biennium;
 - (C) A crosswalk of the total proposed biennial expenditures between the program and expending agencies. The means of financing the number of positions and the lease payments included in any cost amount, and the net amount requiring appropriation or authorization shall be appropriately identified for each expending agency; and
 - (D) The proposed changes in the levels of expenditures, by cost categories, between the biennium in progress and the ensuing biennium, together with a brief explanation of the major reasons for each change. The reasons shall include, as appropriate, the following:
 - (i) Salary adjustments to existing positions of personnel;
 - (ii) The addition or deletion of positions;
 - (iii) Changes in the number of persons being served or to be served by the program;
 - (iv) Changes in the program implementation schedule;
 - (v) Changes in the actual or planned level of program effectiveness;
 - (vi) Increases due to the establishment of a program not previously included in the State's program structure;
 - (vii) Decreases due to the phasing out of a program previously included in the State's program structure; and
 - (viii) Changes in the purchase price of goods or services;

As appropriate, references to the program and financial plan shall be noted for an explanation of the changes. Notwithstanding the provisions of subsection (b)(5), the proposed changes in the levels of expenditures may be shown to the nearest thousand dollars;

(2) Appropriate summaries of paragraph (1)(A) and (C) immediately above at every level of the state program structure above the lowest level. Such summaries shall be by the major groupings of programs encompassed within the level. The summaries of paragraph (1)(A) shall identify the means of financing and the number of positions and the lease payments included in any cost category amount; and

(3) A summary listing of all capital improvement projects included in the proposed capital investment costs for the ensuing biennium. The listing shall be by programs at the lowest level of the state program structure and shall show for each project, by investment cost elements:

(A) The cost of the project;

(B) The amount of funds previously appropriated and authorized by the legislature; and

(C) The amount of new appropriations and authorizations proposed in each of the two fiscal years of the ensuing biennium and in each of the succeeding four years. The amount of the new appropriations and authorizations proposed shall constitute the proposed new requests for the project in each of the fiscal bienniums.

In every instance, the means of financing shall be noted.

(d) The summaries of the state receipts and revenues shall more specifically include:

(1) Financial summaries displaying the State's financial condition, to-wit:

(A) A display of the proposed, total state expenditures, by cost categories, the total state resources anticipated from existing taxes and nontax sources at existing rates, by resource categories (including the available fund balances or deficits and anticipated bond receipts), and the fund balance or deficit resulting therefrom for the biennium in progress, for the ensuing biennium, and for each of the two fiscal years of the ensuing biennium; and

(B) The changes proposed to the existing tax and nontax rates, sources, or structure, and the estimated cumulative increases or reductions, and the estimated fund balance or deficit in the ensuing biennium and in each of the two fiscal years of the biennium as a result of such proposed changes. Proposals for changes in the existing tax and nontax rates, sources, or structure shall be made in every case where the proposed, total state expenditures exceed the total state resources anticipated from existing tax and nontax sources at existing rates.

Such financial summaries shall be prepared for the total state expenditures and resources and for the general fund and special fund portions thereof;

(2) A summary of the balances of each special fund, actual for the last completed fiscal year and estimated for the fiscal year in progress and for each of the two fiscal years in the ensuing biennium;

(3) A summary of the State's total bond fund required to carry out the recommended programs and the kinds of bonds and amounts thereof through which such requirements are to be met in the biennium in progress and in each of the two fiscal years in the ensuing biennium. The summary shall detail for the biennium in progress and for each of the two years of the ensuing biennium:

(A) Of the total requirements, the amount, by cost categories, requiring new bond issuance authorization and the kinds and amounts of bonds planned for issuance under such new authorization;

(B) By bond categories, the total, cumulative balance of bonds authorized in prior years but unissued and the amount thereof planned to be issued; and

(C) A recapitulation of the total bonds, both new authorizations and prior authorizations, by bond categories, proposed to be issued;

(4) A tentative schedule by quarter and fiscal year of the amount of general obligation bonds and the amount of revenue bonds proposed to be issued in the ensuing fiscal biennium;

(5) A schedule of projected debt service charges for general obligation bonds outstanding at the time of the submission of the budget and to be issued by the close of the budget biennium in progress and the close of the ensuing budget biennium. The projection shall be separately stated for:

(A) Bonds currently outstanding;

(B) Bonds to be issued during the remainder of the fiscal biennium in progress and during the ensuing fiscal biennium; and

(C) The total bonds currently outstanding and to be issued.

In each case, the projection shall be categorized into debt service to be paid directly from the general fund, debt service to be paid through reimbursements, and total debt service. The projection shall extend at least five years beyond the close of the ensuing fiscal biennium. An explanation shall be appended to the schedule, which shall include among other things, the amount of bonds to be issued during the fiscal year in progress and in each of the two fiscal years of the ensuing biennium, the maturities of the bonds to be issued, the method of retirement, and the interest rate assumed in the projection;

(6) A schedule of the current state funded debt, legal debt limit, and the legal debt margin, including the details thereof. In any budget which proposes appropriations for which the source of funding is general obligation bonds, the schedule shall include a declaration by the director of finance and computations showing that the total amount of principal and interest, estimated for such proposed appropriations and for all bonds authorized and unissued and calculated for all bonds issued and outstanding, will not cause the debt limit to be exceeded at the time of issuance;

(7) Separately for general fund tax revenues, special fund tax revenues, general fund nontax revenues, and special fund nontax revenues:

(A) By kinds of taxes or sources, the amount of revenue from existing, authorized taxes or sources at existing rates received in the last completed fiscal year and estimated to be received in the fiscal year in progress and in each of the two fiscal years in the ensuing biennium, with appropriate totals for the two bienniums;

(B) A summary of the proposed changes in the existing taxes or sources or rates, and the estimated increases or reductions in revenues in each of the two years in the ensuing fiscal biennium resulting from such changes; and

(C) The total estimated revenues with and without the proposed changes; and

(8) A summary of the State's total payments due under financing agreements required to carry out the recommended programs and the kinds of financing agreements and amounts thereof through which such requirements are to be met in the biennium in progress and in each of the two fiscal years in the ensuing biennium. The summary shall detail for the biennium in progress and for each of the two years of the ensuing biennium:

(A) Of the total financing agreement requirements, the amount, by cost categories, requiring new financing agreement authorizations and the kinds and amounts of financing agreements planned for execution and delivery under such new authorizations;

(B) By cost category, the cumulative balance of financing agreements authorized in prior years but not executed and delivered and the amount thereof proposed to be executed and delivered; and

(C) A recapitulation of the total financing agreements to be executed and delivered, including both new authorizations and prior authorizations, by cost categories.

(e) The proposed budget shall include:

(1) A statement of the percentage differences between the current biennium recommendations and the previous biennium appropriations for education programs. The information shall be displayed by programs or groups of programs, with corresponding amounts and percentage differences. If any component of an education program is added or removed, the governor shall provide an estimate of how the addition or removal affects the current biennium recommendations;

(2) A statement of the difference between the total amount proposed for the current biennium and the total amount expended in the previous biennium for education programs per pupil; and

(3) Other financial statements, information, and data that in the opinion of the governor are necessary or desirable in order to make known in all practical detail the programs, program plans, and financial conditions of the State.

As used in this subsection, "education programs" include instructional, personnel, transportation, facilities, facilities repair and maintenance, and other programs deemed appropriate by the department of education.

(f) The proposed budget shall contain an item to be known as the "contingent fund", which sum, upon approval by the legislature, shall be available for allocation by the governor during the ensuing fiscal biennium to meet contingencies as they arise.

(g) If it is deemed more practical, the six-year program and financial plan and the budget may be combined into a single document containing all the information required for each separate document. [L 1970, c 185, §10; ren and am L 1972, c 72, pt of §§3, 6; am L 1974, c 219, §5; am L 1980, c 64, §1; am L Sp 1981 1st, c 3, §4; am L 1991, c 125, §3; am L 1993, c 364, §5; am L 1996, c 119, §5]

§37-72 Supplemental budget. (a) Not fewer than thirty days before the legislature convenes in regular session in an even-numbered year, the governor may submit to the legislature a supplemental budget to amend any appropriation for the current fiscal biennium. The supplemental budget shall reflect the changes being proposed in the State's program and financial plan and shall be submitted as applicable, in the manner provided in section 37-71. In any supplemental budget that proposes appropriations for which the source of funding is general obligation bonds, the budget shall include the schedule, declaration, and computation specified in section 37-71(d)(6).

(b) In each regular session in an even-numbered year, the legislature may amend any appropriation act of the current fiscal biennium or prior fiscal periods. [L 1970, c 185, §11; ren L 1972, c 72, §3; am L Sp 1981 1st, c 3, §5; am L 1991, c 125, §4]

[§37-47] Reporting of non-general fund information. No later than twenty days prior to the convening of each regular session, each department shall submit to the legislature a report for each non-general fund account which shall include but not be limited to, the following:

- (1) The name of the fund and a cite to the law authorizing the fund;
- (2) The intended purpose of the fund;
- (3) The current program activities which the fund supports;
- (4) The balance of the fund at the beginning of the current fiscal year;
- (5) The total amount of expenditures and other outlays from the fund account for the previous fiscal year;
- (6) The total amount of revenue deposited to the account for the previous fiscal year;
- (7) A detailed listing of all transfers from the fund;
- (8) The amount of moneys encumbered in the account as of the beginning of the fiscal year;
- (9) The amount of funds in the account which are required for the purposes of bond conveyance or other related bond obligations;
- (10) The amount of moneys in the account derived from bond proceeds; and
- (11) The amount of moneys of the fund held in certificates of deposit, escrow accounts or other investments. [L Sp 1995, c 15, pt of §2]

§40-4 Publication of statements. *[Repeal and reenactment on June 30, 2015. L 2010, c 102, §5.]* The comptroller shall prepare and submit to the governor, immediately following the close of each fiscal year, a statement of income and expenditure by funds, showing the principal sources of revenue, the function or purpose for which expenditures were made, together with a consolidated statement showing similar information for all funds; also a statement showing the balance in each fund at the beginning of the fiscal year, plus the receipts, minus the disbursements, and the balance on hand at the close of the fiscal year after deducting outstanding warrants and vouchers. The comptroller may request all agencies, the judiciary, the University of Hawaii until June 30, 2016, the Hawaii tourism authority, the department of education until June 30, 2011, and the legislature to provide such information as may be required for the preparation of statements. [L 1898, c 39, §19; RL 1925, §1431; am L 1927, c 219, §1; RL 1935, §556; RL 1945, §1558; RL 1955, §34-7; am L 1957, c 152, §1; HRS §40-4; am L 1974, c 159, §6; am L 1986, c 321, §§6, 12; am L 1987, c 283, §69; am L 1989, c 371, §7; am L 1991, c 163, §3; am L 1993, c 314, §2; am L Sp 1993, c 8, §22; am L 1996, c 231, §2; am L 1997, c 180, §1; am L 1998, c 115, §24; am L 2004, c 58, §§4, 14; am L 2005, c 22, §50 and c 137, §1; am L 2006, c 161, §§3, 7 and c 306, §1; am L Sp 2009, c 5, §12; am L 2010, c 124, §7 as superseded by c 124, §11]

§40-5 Annual reports. The comptroller shall make an annual report to the governor and to the legislature. The comptroller may, in the comptroller's yearly report, or in any special report which the comptroller may at any time think fit to make, recommend any plans and suggestions that the comptroller may think fit or worthy of adoption for the better collection, custody, and payment of the public moneys and the more economical auditing and examining of the public accounts, and any improvements in the mode of keeping these accounts that may at any time be brought to the comptroller's notice, and generally report upon all matters relating to public accounts. [L 1898, c 39, §20; RL 1925, §1432; RL 1935, §557; RL 1945, §1559; RL 1955, §34-8; am L 1957, c 152, §1; am L Sp 1959 1st, c 13, §2; HRS §40-5; gen ch 1985]

§304A-2007 Special and revolving funds; annual report; expenditures in excess of appropriations. (a) The university shall annually provide to the legislature, at least twenty days prior to the convening of the regular session, an itemized account of the income to and the expenditure from each university special and revolving fund during the previous fiscal year.

(b) *[Repeal and reenactment on June 30, 2016. L 2011, c 92, §3.]* The report shall include:

(1) All expenditures in excess of each fund's appropriation for each fiscal year; and

(2) For each fund, listed by program identification number, that has an unencumbered cash balance of \$1,000,000 or more or a cash deficit of \$1,000,000 or more at the end of the previous fiscal year, where that balance or deficit is greater than twenty-five per cent of the previous fiscal year's expenditures, the estimated:

(A) Expenses for the current fiscal year;

(B) Revenues for the current fiscal year; and

(C) Unencumbered cash balance or cash deficit at the end of the current fiscal year.

(c) The itemized account of income and expenditures required under this section shall be in addition to any other item for reporting that the legislature may specifically require under the law establishing the special or revolving fund. [L 2006, c 75, pt of §2; am L 2011, c 92, §1]

§37-74 Program execution. (a) Except as limited by policy decisions of the governor, appropriations by the legislature, and other provisions of law, the several agencies responsible for administering state programs shall administer their program assignments and shall be responsible for their proper management.

(b) The appropriations by the legislature for a biennium shall be allocated between the two fiscal years of the biennium in the manner provided in the budget or appropriations act and as further prescribed by the director of finance. The amounts allocated for each fiscal year shall be subject to the allotment system prescribed in chapter 37, part II. Each agency (except the courts), in estimating its quarterly requirements under chapter 37, part II, shall prepare a plan for the fiscal year for the operation of each of the programs it is responsible for administering. The operations plan shall be in such form and content as the department of budget and finance may prescribe. It shall be submitted, together with the estimated quarterly requirements, to the department of budget and finance on such date as the department may prescribe.

(c) The department of budget and finance shall:

(1) Review each operations plan to determine:

- (A) That it is consistent with the policy decisions of the governor and appropriations by the legislature;
- (B) That it reflects proper planning and efficient management methods; and
- (C) That appropriations have been made for the planned purpose and will not be exhausted before the end of the fiscal year;

provided that the department of budget and finance shall review the operations plan submitted by the University of Hawaii solely for consistency with the allotment ceilings established by the governor under section 37-34, appropriations by the legislature, the requirements of chapter 37D, and the status of revenues to support operations plans for all state programs;

(2) Approve the operations plan if satisfied that it meets the requirements under paragraph (1). Otherwise, the department of budget and finance shall require revision of the operations plan in whole or in part; and

(3) Modify or withhold the planned expenditures at any time during the appropriation period if the department of budget and finance finds that the expenditures are greater than those necessary to execute the programs at the level authorized by the governor and the legislature, or that state receipts and surpluses will be insufficient to meet the authorized expenditure levels; provided that the planned expenditures for the University of Hawaii may be modified or withheld only in accordance with sections 37-36 and 37-37.

(d) No appropriation transfers or changes between programs or agencies shall be made without legislative authorization; provided that:

(1) Authorized transfers or changes, when made, shall be reported to the legislature;

(2) Except with respect to appropriations to fund financing agreements under chapter 37D, the University of Hawaii shall have the flexibility to transfer appropriated funds and positions for the operating cost category among programs, among cost elements in a program, and between quarters, as applicable; except with respect to appropriations to fund financing agreements under chapter 37D, the department of education shall have the flexibility to transfer appropriated funds and positions for the operating cost category among programs and among cost elements in a program, and between quarters, as applicable; and the Hawaii health systems corporation and its regional system boards shall have the flexibility to transfer special fund appropriations among regional system hospital facilities as applicable and as mutually agreed to by the corporation and the respective regional system board; provided that the Hawaii health systems corporation and the regional system boards shall maintain the integrity and services of each individual regional system and shall not transfer appropriations out of any regional system that would result in a reduction of services offered by the regional system, with due regard for statutory requirements, changing conditions, the needs of the programs, and the effective utilization of resources; and

(3) The university and the department of education shall account for each transfer implemented under this subsection in quarterly reports to the governor and annual reports at the end of each fiscal year to the legislature and the governor, which shall be prepared in the form and manner prescribed by the governor and shall include information on the sources and uses of the transfer. [L 1970, c 185, §13; ren L 1972, c 72, §3; am L 1974, c 219, §6; am L 1986, c 320, §5; am L 1989, c 370, §2; am L 1994, c 281, §§4, 9; am L 1995, c 11, §21, c 161, §7, and c 211, §6; am L 1996, c 262, §5; am L 1998, c 41, §5 and c 115, §10; am L 2004, c 51, §53; am L 2007, c 290, §10]

[§304A-106] Gifts; investment authority. (a) The board of regents may receive, manage, and invest moneys or other property, real, personal, or mixed, which may be given, bequeathed, devised, or in any manner received from sources other than the legislature or any federal appropriation for the purpose of the university, its improvement or adornment, or the aid or advantage of students or faculty, and in general act as trustee on behalf of the university for any of such purposes or objects.

(b) Any law to the contrary notwithstanding, land-grant college aid moneys obtained under section [304A-2401] may be received, managed, and invested pursuant to this section.

(c) The board of regents shall cause to be kept suitable books of account wherein shall be recorded each gift, the essential facts of the management thereof, and the expenditure of the income. A statement of all trust funds shall be included in the annual report to the governor and the legislature. [L 2006, c 75, pt of §2]

[§304A-1004] Annual report; executive, managerial, and faculty salaries. The board of regents shall submit an annual report to the legislature containing the salaries paid to all executive, managerial, and faculty members of the university, including that paid to the president of the university, not fewer than twenty days prior to the convening of each regular session. [L 2006, c 75, pt of §2]

[§304A-2153] University of Hawaii tuition and fees special fund. (a) There is established the University of Hawaii tuition and fees special fund into which shall be deposited all revenue collected by the university for regular, summer, and continuing education credit tuition, tuition-related course and fee charges, and any other charges to students, except as provided by law. Moneys deposited into the fund shall be expended to maintain or improve the university's programs and operations and shall not be:

- (1) Used as a justification for reducing any budget request or allotment to the university unless the university requests such a reduction;
- (2) Transferred unless otherwise authorized by the legislature; and
- (3) Restricted by the governor or the director of finance without the prior approval of the legislature.

Any rule, policy, or action of any agency or individual in contravention of this subsection shall be void as against public policy.

(b) Any law to the contrary notwithstanding, the board of regents may authorize expenditures of up to \$3,000,000 annually, excluding in-kind services, from this fund for the purposes of promoting alumni relations and generating private donations for deposit into the University of Hawaii Foundation for the purposes of the university. Any expenditure authorized pursuant to this subsection shall be for a public purpose and shall not be subject to chapters 42F, 103, 103D, and 103F. The university shall submit a comprehensive report to the legislature detailing the use of any funds authorized by the board under this subsection no later than twenty days prior to the convening of each regular session. The report shall:

- (1) Identify each department of the University of Hawaii Foundation supported by moneys from the fund;
- (2) Describe the purposes and activities of each department identified in paragraph (1) and how it participates in fundraising activities and benefits the university;
- (3) Provide the total expenditures of each department identified in paragraph (1) by primary expense categories;
- (4) Identify all moneys from the fund transferred to any fund of the university and provide a justification of how these moneys are used to benefit the university;
- (5) Provide a financial summary of the operating activities of the University of Hawaii Foundation, including revenues and expenditures by major reporting categories; and
- (6) Identify amounts and purposes of all expenditures from the University of Hawaii support fund.

(c) Any law to the contrary notwithstanding, the university may transfer funds from the University of Hawaii tuition and fees special fund into the scholarship and assistance special fund established pursuant to section [304A-2159]. [L 2006, c 75, pt of §2]

[§304A-2159] University of Hawaii scholarship and assistance special fund. (a) There is established the University of Hawaii scholarship and assistance special fund to be administered by the University of Hawaii. The special fund shall be administered pursuant to the authority of the board of regents to grant, modify, or suspend the scholarship and assistance under section [304A-501]. This fund shall be used to provide financial assistance to qualified students enrolled at any campus of the University of Hawaii.

(b) Revenues deposited into this fund shall include but not be limited to state, federal, and private funds, funds transferred by the university from the tuition and fees special fund pursuant to section [304A-2153], and appropriations for the state scholars program; provided that state funds appropriated for any scholarship program, including but not limited to the B Plus scholarship program, the Hawaii state scholars program, and the workforce development scholarship program, shall be kept in a separate and distinct account.

(c) The annual report for the special fund shall include but not be limited to the number of tuition waivers, scholarships, and stipends. The report shall also include but not be limited to the number of tuition waivers granted under section [304A-503] through the Hawaii opportunity program in education. The report shall also include recommendations as appropriate to the legislature on all tuition waivers.

(d) This fund is not intended to provide loans or keep track of payback provisions. [L 2006, c 75, pt of §2 and c 257, §4]

§304A-2253 Research and training revolving fund. (a) There is established a University of Hawaii research and training revolving fund into which shall be deposited one hundred per cent of the total amount of indirect overhead revenues generated by the university from research and training programs. The board of regents is authorized to expend one hundred per cent of the revenues deposited in the fund for:

(1) Research and training purposes that may result in additional research and training grants and contracts;

(2) Facilitating research and training at the university; and

(3) Further deposit into the discoveries and inventions special fund.

(b) The annual report required to be made for this revolving fund shall include but not be limited to a breakdown of travel expenses.

(c) Notwithstanding sections 304A-107 and [304A-2174] to the contrary, the board of regents or its designee, may establish a separate account within the research and training revolving fund for the purpose of providing advance funding to meet reimbursable costs incurred in connection with federally financed research and training projects. Any reimbursement received as a result of providing advance funding shall be deposited into the research and training revolving fund to be used for the purpose of meeting reimbursable costs incurred in connection with federally financed projects.

(d) Revenues deposited into the fund shall not be used as a basis for reducing any current or future budget request or allotment to the university unless the university requests such a reduction. [L 2006, c 75, pt of §2; am L 2011, c 124, §5]

[§304A-2273] Community college conference center revolving fund. (a) There is established the community college conference center revolving fund for conference center programs conducted by the various community colleges. All fees, charges, and other moneys collected in conjunction with the conference center program of each community college shall be deposited in separate accounts within the revolving fund. The chancellor of each community college or a designee is authorized to expend funds from the appropriate account in the revolving fund for all costs associated with conducting conferences, seminars, and courses by the conference center program, including but not limited to expenses for honoraria, hotel and room rentals, food and refreshment, printing and mailing, airfare and per diem, leis, rental of audiovisual equipment, and conference supplies and materials, without regard to section 103D-1002 and any competitive bidding requirements pursuant to state procurement requirements.

(b) The chancellors of the community colleges shall prepare an annual report to the legislature accounting for all income and expenditures of each separate account within the revolving fund. [L 2006, c 75, pt of §2]

[§304A-2689] Annual report. The University of Hawaii shall submit a report to the legislature, no later than twenty days prior to the convening of each regular session, of all revenue bonds issued pursuant to this subpart. The report shall provide a summary of all revenue bonds issued pursuant to this subpart during the preceding fiscal year. [L 2007, c 161, pt of §1]