



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
February 4, 2016 at 2:00 p.m., Room 309

by
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HB 2428 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Choy, Vice Chair Ichiyama, and Members of the Committee on Higher Education:

The University of Hawai'i (UH) opposes HB2428, Relating to the University of Hawaii. This bill prohibits the University of Hawai'i from transferring moneys from its special and revolving funds or general funds to fund construction projects that are not explicitly authorized by the Legislature.

This bill is an over extension of legislative intent and is an overly punitive measure against the University for management decisions that can be prudent and financially efficient. Furthermore, this measure is impractical and prevents the normal operation of government and the University.

This bill overtly prevents the expenditure of any funds on construction projects that are not explicitly authorized by the Legislature. This is an excessively restrictive requirement because the Legislature does not appropriate moneys solely on an explicit basis. The Legislature frequently appropriates capital funds to the University and other state departments in lump sum fashion. This is a prudent financial approach because it allows management to prioritize multiple and varied moderate sized projects WITHOUT the burdensome approach of calling out every single individual project.

Combining and utilizing funds from various sources to meet funding levels is rational and prudent. For example, the University of Hawaii estimates that anywhere from \$60 to \$80 million a year is required in capital funding to address annual capital renewal. The Legislature has not provided the University with that minimal level of funding for several years. The result of which has been a growth in total deferred maintenance to more than \$500 million. In order to address this situation, it would be most efficient to combine state general funding with University-generated revenues (i.e., special funds) as a strategy to deal with such a large back log. This bill will exacerbate the problem by adding bureaucracy and increasing the involvement of the Legislature in matters of department operations.

Finally, this bill appears to violate Article X, Section 6 of the Hawai'i State Constitution, which establishes that the Board of Regents "shall have exclusive jurisdiction over the

internal structure, management, and operation of the university.” If this bill were truly of statewide concern, it should apply to all departments in the Executive Branch, if not all agencies within State government. Additionally, these statewide provisions should be in a properly titled vehicle, such as “Relating to State Funds.” As HB2428 is a bill for an act “Relating to the University of Hawai‘i,” and no such similar legislation pertains to any other State department or agency, it is difficult to see how this is truly of statewide concern.

Thank you for your time and consideration.