



UNIVERSITY OF HAWAII SYSTEM

TESTIMONY

S.B. 667, S.D. 2 – MAKING AN EMERGENCY APPROPRIATION
FOR FLOOD LOSSES

Testimony Presented Before the
House Committee on Higher Education

March 17, 2005

by
Sam Callejo
Vice President for Administration
University of Hawai'i System

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S.B. 667, SD 2 – Making an Emergency Appropriation for Flood Losses.

Chair Waters and members of the Committee on Higher Education, thank you for the opportunity to share our strong support for this bill.

In addressing the aftermath of the flood, we discovered a major roadblock regarding access to the State's Flood Insurance policy. That roadblock is the spending ceiling of the DAGS Risk Management Revolving Fund. SB 667, SD 2, should be amended to increase the spending ceiling of the risk management revolving fund by \$25,000,000. By increasing the spending ceiling, the insurance money currently in the revolving fund would be available to help the University pay its bills without having to access our 4th quarter general fund allocation. I would like to add that when this roadblock was encountered, we met with B&F and DAGS and they were very supportive and innovative in allowing us to use our 4th quarter allocation while we pursued the insurance claim and sought this emergency appropriation.

Mr. Chair and members of the committee, I'd also like to share the following information and preliminary plan regarding the full funding of the \$81.7M estimated cost to make the University of Hawaii at Manoa whole.

The plan is to use both operating and CIP (GO Bonds) funding to pay the bills. Where the cost can be qualified as CIP expenditures, like replacing the primary electrical cables along East-West Road, or reconstructing the entire 70,000 square feet of the Hamilton Library basement – we will be using GO Bond money. Otherwise, we will be using operating – 'G' Funds.

For FY 2005 and FY 2006, the picture looks like this:

	FY 2005	FY 2006
Operating	\$20,420,854	\$32,817,045
CIP	\$14,012,634	\$14,445,000

Please note that the CIP funds we are using – both in this FY 2005 and FY 2006 – needs to be added to our FY 2006 CIP in the current budget bill. We are requesting that the amount of \$28.4M be added to FY 2006 of the biennium budget to UH Manoa to cover the cost of replacing and repairing equipment and infrastructure damaged by the flood.

Chair Waters, thank you for this opportunity to testify in strong support of Senate Bill 667, SD 2.