



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
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by

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and

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SB 3250, SD1 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Baker, Vice Chair Tsutsui, and members of the Senate Committee on Ways and Means:

I am Howard Todo, Vice President for Budget and Finance and Chief Financial Officer of the University of Hawai'i System. I am testifying on behalf of the University on Senate Bill 3250, Senate Draft 1 that requires the University of Hawai'i to develop an incentive and performance outcome funding component for its long-range financial plan and to submit an annual performance and incentive report to the legislature.

The University supports SB 3250, SD1 and appreciates the legislature's efforts to rethink our funding model by considering a medium term component tied to our strategic plan and a long-term component that includes base operating funds, capital improvement funding, and incentive and performance outcome funding. We also appreciate the intent of the bill to increase legislative and public support for higher education and to allocate funds for incentives and performance-based funding. As stated in the bill, the sources of these funds may include new general fund appropriations, reallocating existing general fund appropriations, and other sources of funding available to the university.

We would like to use this testimony to recommend two amendments to SB 3250, SD1. First, we recommend a change in what appears to be a discrepancy in wording within the bill. The second sentence in Section 2(a) begins, "The purpose of the annual incentive and performance report is to facilitate the legislature in approximately two per cent of the University of Hawai'i annual budget to facilitate the university's strategic plan and related state goals;..." We would suggest that the sentence should read, "The purpose of the annual incentive and performance report is to facilitate the legislature in allocating up to two per cent of the University of Hawai'i annual budget to facilitate the university's strategic plan and related state goals;..."

The word “allocating” seems to have been omitted, and changing from “approximately” to up to two per cent is consistent with the last sentence of Section Two, which reads, “The plan shall include a summary of what amount or percentage of up to two per cent of the overall incentive and performance plan budget shall be allocated to each program, department, college, campus, or system level.”

Second, we appreciate the opportunity to be part of an educational compact, as noted in the bill, that addresses Hawai‘i’s major economic challenges with aligned and long term goals for the University of Hawai‘i. What is not clear is an explanation of what is meant by an educational compact. We understand that a compact would consist of groups that agree to work together to address our state’s needs and public higher education’s responsibility. As your public university we are accountable to the people of Hawai‘i, and would also request a statement of intent from the legislature committing to public higher education. Our recommendation would be to amend SB 3250, SD1 by adding a sentence to strengthen the idea of an educational compact.

It would seem that the most appropriate section for this language would be in Section 1, page 3 in the current draft of the bill. We would recommend this amendment to lines 18-21 on page 3:

The university would be accountable for meeting performance standards. In turn, the legislature will seek to provide increased flexibility and stability of funding to the University of Hawai‘i. The higher education compact would be used to clearly link funding for the university with specific goals and performance measures.

We look forward to working with you to address Hawai‘i’s state needs and to support the university as it develops its long term plan. Thank you for the opportunity to testify.