SB 3250, SD2 – RELATING TO THE UNIVERSITY OF HAWAI‘I

Chair Chang, Vice Chair Bertram, and members of the House Committee on Higher Education:

I am Joanne Taira, Special Assistant for Planning and Policy in the University of Hawai‘i Office of the Vice President for Academic Planning and Policy. VP Johnsrud and VP Todo could not be present today because they needed to be present at a regularly scheduled Board of Regents meeting, and they send their apologies. I am testifying on behalf of the University on Senate Bill 3250, Senate Draft 2 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, SD2 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 respectfully recommend two amendments to SB 3250, SD2. First, we recommend a change in what appears to be a discrepancy in wording within the bill. The first sentence in Section 2(a) begins, “The University of Hawai‘i shall prepare and provide to the legislature an annual incentive and performance report in November of each year beginning in 2008 [italics added] that reflects the success of the University of Hawai‘i’s previous incentive and performance plans and proposes a plan for the following year.”
We would suggest that an annual report in November 2008 would be premature because Section 2(a)(1) of SB3250, SD2, states that incentive plans with measurable performance outcomes would be developed during the 2009-2011 fiscal biennium. We concur that developing plans in the 2009-2011 biennium is a realistic timetable. If plans are developed during that period and implemented in 2011-2012, then the earliest date for a full annual report would be November 2012, a year after implementing the plan and measuring performance outcomes.

The University, however, is committed to measuring performance related to strategic goals and outcomes, and suggests that a pilot report in November 2009 around these measures at the system and campus levels would help to evaluate them and strengthen the planning of outcomes based incentive plans in 2009-2011. Therefore, we recommend a change in Section 2(a)(1) to read, “The University of Hawai‘i shall prepare and provide to the legislature an annual incentive and performance report in November of each year beginning with a pilot report in 2009 that reflects the success of the University of Hawai‘i’s performance in its strategic outcome performance measures.”

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, SD2 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 17-20 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.