



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
March 9, 2010 at 2:05 p.m.

by
Howard Todo
Vice President for Budget & Finance/CFO, University of Hawai'i

SB 2385 SD1 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Chang, Vice Chair Nakashima and Members of the Committee:

The University strongly supports the passage of this measure.

This bill would provide the authority for the University to continue processing its own fiscal documents by amending sections 40-1(b), 40-2, 40-4, 40-6, 40-58 and 40-81, Hawai'i Revised Statutes, and section 14 of Act 58, Session Laws of Hawai'i 2004.

Act 321, Session Laws of Hawai'i 1986 (Act 321), was one of several laws that provided the University of Hawai'i (University) with greater autonomy over its internal operations. It allowed the University to assume authority and responsibility for all matters related to the acquisition of goods and services, pre-audit payments, fund accounting, and business and accounting forms. Act 321 also: (1) provided the University's Board of Regents with the authority to approve certain exceptions to statutory competitive bidding requirements and (2) authorized the University to install its own accounting system in conformity with generally accepted accounting principles as applied to colleges and universities.

The University seeks to retain and maintain this delegated authority and responsibility by removing the "sunset" deadlines from the affected statutory provisions.

Since 1986, the University has used the greater flexibility afforded by Act 321 to effectively increase efficiency in financial administration. The University believes that over that span of time, the University has successfully demonstrated its ability to independently administer its financial operations with no adverse impact on the State. Because of this success and lack of negative impact on the State, this flexibility, authority, and responsibility should remain unchanged. Consequently, the sunset deadlines set forth in the six sections of chapter 40, Hawai'i Revised Statutes, that would terminate such flexibility, authority, and responsibility are no longer necessary and should be removed.

Amendments to section 14 of Act 58, Session Laws of Hawai'i 2004, which took effect on May 6, 2004, are required to preserve the provisions pertaining to the University of Hawai'i. Act 58 of 2004 amended sections 40-1, 40-4, and 40-6, Hawai'i Revised Statutes, to insert provisions for the Hawai'i Tourism Authority. As last amended by section 12 of Act 5, Special Session Laws of Hawai'i 2009, section 14(2) of Act 58 of 2004 will repeal the current sections 40-1, 40-4, and 40-6 on June 30, 2010, and reenact the versions of those sections that were in effect on June 30, 1986, before the provisions pertaining to the University of Hawai'i were enacted. Consequently, section 14(2) of Act 58 of 2004 will in effect repeal the provisions in sections 40-1, 40-4, and 40-6 pertaining to the University of Hawai'i. Because the Hawai'i Tourism Authority provisions of chapter 40 were added on May 6, 2004, the correct version of the sections to be reenacted, for the purpose of the repeal of the Hawai'i Tourism Authority provisions, should be the versions in effect on May 5, 2004, not on June 30, 1986. To preserve the amendments made to those sections for the University of Hawai'i since May 5, 2004, section 14(2) of Act 58 of 2004 must be further amended to expressly preserve those amendments by specifying the subsequent session law amendments that should be preserved.

Because the amendments to section 14(2) of Act 58 of 2004 must take effect before the repeal and reenactment on June 30, 2010, this legislative proposal specifies an earlier effective date, which is expressly stated to be the day before, June 29, 2010.

We ask for your support of this bill which will provide the University with continued efficiencies in financial administration.

Thank you for the opportunity to submit testimony on this measure.