



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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SB 238 SD1 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Ige, Vice Chair Kidani and Members of the Committee:

The University strongly supports the passage of this measure.

The purpose of this bill is to amend Chapter 37, Hawai'i Revised Statutes, to allow the University of Hawai'i to carryover of up to five percent of current year General Funds appropriated to the subsequent fiscal year, except for appropriations to fund financing agreements entered into in accordance with Chapter 37D, at the close of the fiscal year. Allowing this carryover will result in more efficient utilization of University and State resources by reducing the time and effort expended by fiscal personnel to avoid the lapsing of such General Funds at fiscal year-end which does not result in added value or savings for the University or the State. Additionally, the carryover will allow expenditures in the fourth quarter of each fiscal year to be performed in a more prudent and routine manner.

Under the current requirements, fiscal personnel at the University as well, we believe, as accounting and budget personnel at the State Departments of Accounting and General Services and of Budget and Finance must allocate a significant amount of time and effort to administer, account for, encumber, and expend appropriated General Funds at fiscal year end and in the following fiscal year.

Unlike other State agencies, the University has a number of non-general funds that need to be used to supplement the General Funds allocated to the University since the amount of such General Funds appropriated is not sufficient to cover the University's operating costs. University personnel devote much time at year-end to account for all expenditures and encumbrances to ensure that (1) all of the General funds are fully utilized and (2) operating costs not covered by General Funds are paid for by non-general funding. This practice is inefficient and does not result in benefit to the University or the State of Hawai'i.

In addition, the University is currently participating in a joint effort with a number of major universities on the development of an open-source software for financial management. This software, "Kuali Financial System" represents the best practices of the participating institutions. Since the other participating universities do not need to account for funds separately by fiscal year, the software is not designed to do so. The flexibility provided by this measure will allow the University to avoid major modifications to the software which would be costly and time consuming.

In summary, the passage of this measure will provide flexibility to fiscal and accounting personnel of the University to more effectively manage General Fund monies.

We do, however, respectfully request an amendment to the wording in line 14 of page one of the measure to replace the words "on the status and" with the words "of the". This is because one of the benefits of the bill is to reduce the time required to keep track of individual expenditures separately by year in subsequent periods. We certainly will report what funds are carried over to the next fiscal year.

Thank you for the opportunity to testify in support of this measure.