



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Higher Education
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by

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SB 624 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Taniguchi, Vice Chair Kahele, and members of the committee:

The University respectfully opposes SB 624, which would specify that at least 90% of tuition revenues be expended “solely for student education programs” and not more than 10% be expended for “administrative costs”.

Tuition revenues and State general fund appropriations together provide the University’s core operating funds. The University accepts its responsibility to ensure that tuition is established and spent responsibly for the benefit of students. The University welcomes further dialog with the Legislature regarding the appropriate allocation of costs between these two funding sources, as well as the overall costs and efficiency of University operations.

However, this bill would not effectively address those concerns. Because tuition revenues represent a significant portion of core operating funds, legislative action to specify which expenses may be paid from tuition revenues would add complexity to the University’s fiscal operations but would not directly address what costs are reasonably necessary to efficiently operate the University.

We also note that the University generally does not use tuition revenues for central services provided by UH System offices. Tuition revenues are retained and expended by the campuses from which they are generated. The exceptions are the following central service charges, which campuses may pay fully or partially from tuition revenues: information technology services, including student and financial information systems; risk management assessments; and support for UH Foundation fundraising. No tuition funds are used to fund administrative salaries within the UH system offices.

Thank you for the opportunity to testify.