UNIVERSITY OF HAWAIʻI SYSTEM
Legislative Testimony

Testimony Presented Before the
Senate Committee on Higher Education and the Arts
February 9, 2016 at 1:30 p.m., Room 224
by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawaiʻi System

SB2939 – RELATING TO THE UNIVERSITY OF HAWAII ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM

Chair Taniguchi and Members of the Senate Committee on Higher Education and the Arts:

Thank you for this opportunity to testify. The University of Hawaiʻi (UH) supports SB2939, Relating to the University of Hawaii Accounting and Financial Management System. This bill repeals sunset provisions related to UH's authority to maintain a separate accounting and financial management system.

Act 321, SLH 1986, provided authority for both UH and the Department of Education (DOE) to implement their own accounting systems in conformity with generally accepted accounting principles as they apply to schools, colleges, and universities. Last year, the Legislature passed Act 44, which eliminated similar sunset provisions for the DOE. This bill seeks to do the same for UH.

UH's most recent update of its financial system is the Kuali Financial System (KFS), which is a comprehensive financial software package that was developed and is supported by a consortium of universities throughout the country that use an open source and partner enhanced process. Thus, it serves the unique needs of UH's reporting, regulatory, and accreditation requirements, while also allowing for compatibility with external partners, such as the State Department of Accounting and General Services (DAGS).

Because KFS is an open source product, there are no large license fees similar to off-the-shelf vended products, and the only costs are the physical hardware costs and personnel to support the software systems. Twenty other schools have also implemented KFS, including Cornell University, Indiana University, Michigan State University, University of Connecticut, University of Maryland, Colorado State University, University of Arizona, University of California at Irvine, University of California at Davis, and the University of Southern California.

Furthermore, State of Hawaiʻi efforts for system modernization in the DAGS make moving to DAGS' systems rather than Kuali at this time impractical. If the exemption is

allowed to sunset, UH would have to return to an older financial management system that is designed for more traditional state government entities, rather than university systems.

Thank you for your time and consideration.