

Honolulu, Hawaii

April 25, 2008

RE: H.B. No. 2978
H.D. 1
S.D. 2
C.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2978, H.D. 1, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO EDUCATION,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to improve the state's higher education system by, among other things:

- (1) Requiring the University of Hawaii (UH) to prepare an annual incentive and performance report and plan that will assist the Legislature in appropriating up to two percent of UH's annual budget to facilitate UH's strategic plan and related state goals; and
- (2) Establishing a task force (Task Force) to develop an equitable, consistent, and responsive funding formula for the distribution of fiscal resources to the various UH

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campuses, with the assistance of an independent consultant.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that the Task Force is to be established in UH and will assist UH in developing a budgetary system that includes a funding formula;
- (2) Specifying that the funding formula must:
 - (A) Assign different weights in recognition of the varying costs and revenues relating to educating different categories of students, including the different classifications of students, students who are enrolled in programs that address the major workforce needs of the state, and students with special support needs; and
 - (B) Include an incentive and performance component that recognizes the unique goals and missions of UH's various campuses, as well as the higher education needs of the state;
- (3) Changing the membership of the task force by:
 - (A) Removing the chief financial officer (CFO) for the UH System, or the CFO's designee, as a member and instead designating the CFO or CFO's designee as the liaison between the Task Force and the president of UH;
 - (B) Adding one member to be appointed by the President of the Senate; and
 - (C) Adding one member to be appointed by the Speaker of the House of Representatives;
- (4) Specifying that the Task Force is to select a chairperson by a majority vote of its members;
- (5) Specifying that a majority of the Task Force members constitutes a quorum to conduct business and that the concurrence of the majority of the Task Force members is necessary to validate any action of the Task Force;



- (6) Exempting the Task Force from Chapter 92, Hawaii Revised Statutes (Chapter 92), but requiring it to make a good faith effort to make its proceedings and work products accessible and available to the general public in a manner consistent with the intent of Chapter 92;
- (7) Requiring, rather than allowing, UH to hire a consultant and clarifying that the consultant is to work with the Task Force to develop the funding formula;
- (8) Stipulating that the Task Force is to provide the consultant with the data necessary to develop the funding formula;
- (9) Requiring the Task Force to first submit to the President of UH for approval, a report of its progress, and any findings and recommendations, including those of the consultant, and if approved, requiring UH to submit that report to the Legislature prior to the convening of the Regular Session of 2009;
- (10) Requiring the Task Force to include, as part of its report, a target date for the completion of a funding formula, together with any proposed legislation to establish and implement the funding formula;
- (11) Deleting the appropriation for the hiring of the consultant;
- (12) Changing its effective date to July 1, 2008; and
- (13) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee on Conference requests that UH and the task force, in its development of the funding formula, consider recognizing that as enrollment rises at one or more institutions but flattens or falls at others, adjustments should be made to base funding allocations.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2978, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2978, H.D. 1, S.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



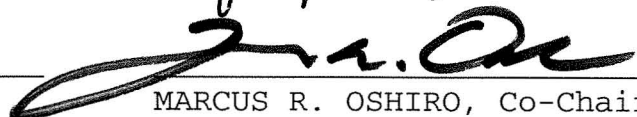
NORMAN SAKAMOTO, Chair



JERRY L. CHANG, Co-Chair



SHAN S. TSUTSUI, Co-Chair



MARCUS R. OSHIRO, Co-Chair



