



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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DIRECTOR  
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DEPUTY DIRECTOR

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Statement of  
**THEODORE E. LIU**  
**Director**

Department of Business, Economic Development, and Tourism  
before the

**COMMITTEE ON FINANCE**

Tuesday, March 3, 2009

6:00 p.m.

State Capitol, Conference Room 308

in consideration of

**HB 1617**

**RELATING TO THE UNIVERSITY OF HAWAII AT HILO.**

Chair Chang, Vice Chair Nakashima and Members of the House Committee on Higher Education.

The Department of Business, Economic Development, and Tourism (DBEDT) supports HB 1617 which would establish the Office of the Vice Chancellor for Research and Economic Development at the University of Hawaii at Hilo (UHH).

The University of Hawaii at Hilo reports remarkable growth in its research effort in the first seven years of this decade: increases of 462.5% in funding and 341% in the number of awards. The proposed office would serve a vital coordinating function that would accelerate further growth in the ability of UHH to attract research funding, carry out quality research, and provide research training for both undergraduate and graduate students.

In particular, there has been an emphasis at UHH in recent years on majors related to science, technology, engineering, and math (STEM). This has been supported in large part by

grants from the National Science Foundation's Experimental Program to Stimulate Competitive Research (EPSCoR). As DBEDT Director, I sit on the EPSCoR Statewide Steering Committee and DBEDT administers State matching funds for the NSF grant.

This emphasis on STEM is an important alignment with the State's economic development goal related to developing an innovation-based economy that depends on strengthening our ability to educate a STEM workforce and providing all students with STEM skills to succeed in a more complex society. We believe that the proposed Office of the Vice Chancellor for Research and Economic Development will greatly enhance UHH's ability to help the State meet this goal. Support for the activities of the office is included as a part of the Administration's request for \$500,000 to contribute to the required State matching funds for a new EPSCoR grant, included in the University of Hawaii System budget, which would bring in \$4,000,000 per year for five years.

Thank you for the opportunity to provide these comments.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Financer Education  
March 3, 2009 at 6:00pm

by

James R. Gaines, Vice President for Research, and  
Linda K. Johnsrud, Vice President for Academic Planning and Policy  
University of Hawai'i System

### HB 1617 – RELATING TO THE UNIVERSITY OF HAWAII AT HILO

Chair Oshiro, Vice Chair Lee, and members of the House Committee on Finance. Thank you very much for this opportunity to testify on House Bill 1617. This bill establishes in statute an office of the Vice Chancellor for Research and Development at the University of Hawai'i at Hilo and authorizes positions for a Vice Chancellor, staff, and faculty,

We thank the legislature for this intent to support the growth of the University of Hawai'i at Hilo. The University of Hawai'i, recognizes that UH Hilo's growing research activity will require more coordination and leadership, and supports this proposal in principle at some future date after appropriate review. We are concerned, however, about establishing University positions or offices in statute.

Under the Hawai'i State constitution, the UH Board of Regents appoints the President of the University, and by statute, it appoints exempt personnel. Creating additional executive personnel at UH requires appropriate review by the Board of Regents within the context of a review of overall budget priorities as well as each campus' mission and role within the UH system. We note that an amendment to statute is not required to establish this office or position, and respectfully request that the Board of Regents' responsibility for such matters be honored.

Thank you for the opportunity to testify.

Written Statement of  
**YUKA NAGASHIMA**  
**Executive Director & CEO**  
High Technology Development Corporation  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Tuesday, March 3, 2009  
6:00 PM  
State Capitol, Conference Room 308

In consideration of  
**HB 1617 RELATING TO THE UNIVERSITY OF HAWAII AT HILO.**

Chair Oshiro, Vice Chair Lee and Members of the House Committee on Finance

The High Technology Development Corporation (HTDC) supports HB 1617, which establishes the office of the Vice Chancellor for Research and Economic Development at the University of Hawaii at Hilo.

HTDC has had discussions with Dr. Michael Crosby, Interim Vice Chancellor for Research at the University of Hawai'i at Hilo, on the potential and strong need to have this new office, UH Hilo Vice Chancellor of Research and Economic Development, work very closely with HTDC for a much more integrated approach that links more applied oriented research, STEM student intern experiences, and stimulation of new science and technology oriented businesses in Hawaii.

As we reported to this committee in past hearings, today, many federal agencies are requiring research and development projects to collaborate within university institutions, with other institutions, and with community partners. Establishment of a Vice Chancellor of Research and Economic Development provides the University of Hawaii at Hilo with a way to efficiently and effectively manage these efforts on a full-time basis.

Thank you for the opportunity to submit testimony in support.



The House

Committee on Finance

March 3, 2009

6:00 p.m.

**H.B. No. 1617      Relating to the University of Hawaii at Hilo**

For a number of years the University of Hawaii Professional Assembly has been concerned about the growth in administrative positions within the University of Hawaii. Expenditures directed to increase administrative positions is unwise and is creating a structure that does not demonstrate effectiveness or efficiency. Any increased expenditures should be directly related to ensuring that existing programs receive adequate support as student enrollments grow.

Respectfully submitted,

A handwritten signature in black ink that reads "Kristeen Hanselman". The signature is written in a cursive style with a long horizontal flourish at the end.

Kristeen Hanselman  
Associate Executive Director

**UNIVERSITY OF HAWAII  
PROFESSIONAL ASSEMBLY**

1017 Palm Drive · Honolulu, Hawaii 96814-1928  
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# Hawaii Island Chamber of Commerce

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Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
Committee on Finance

From: Barbara A. Hastings  
President, HICC

Tuesday, March 3, 2009

Support of HB 1617, Relating to the University of Hawai'i at Hilo

The Hawai'i Island Chamber of Commerce joins other business and community groups of East Hawaii to ask that you support HB 1617.

HICC represents more than 350 businesses and 700 members. Our organization is long on record supporting higher education and have taken an active role in the two state institutions in are immediate area. In addition to other support, each year provide scholarships to students at both UH-Hilo and Hawai'i Community College.

We believe that the new office of research and economic development will provide another important focus at UH Hilo—one that will also have positive impact on our economic climate of East Hawai'i and beyond.

This office will be the go-to people for technology transfer, science and technology-trained students, student STEM experiences, and responsible to manage the university's vast and untapped intellectual resources for community partnerships.

The Vice Chancellor for Research office is desperately needed. Please allow us to build on Dr. Rose Tseng's work and help to make research and economic development another focus for our small community. Dr. Tseng encouraged Dr. Michael Crosby to become involved in our community and he did, meeting with community leaders and businesses to find out who we were and how the university could be of help to them.

Our business community is committed to making this work.

We see this position as one that will collaborate or partner with our business community and see how we can leverage our scarce resources.

***We believe that this small investment by the state will provide UH Hilo with the base support necessary to make permanent what Dr. Crosby started.***



# Hawaii Island Chamber of Commerce

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The passing of HB 1617 insures we will be able to continue further development of the partnership that has already begun. Research and economic development activities are growing and will continue to grow at UH Hilo. Establishment of the Office of Vice Chancellor for Research and Economic Development will provide a formal structure and focal point to strategically coordinate and guide current and future activities that more strongly unite UH Hilo with the community, local and state governments, federal agencies, and the other UH campuses.

We respectfully request and urge the committee to pass HB 1617.

In summary, we believe that HB 1617 (establishing the UH Hilo Office of Vice Chancellor for Research and Economic Development) will:

- Serve as a liaison between community businesses and UH Hilo
- Stimulate the development of science and technology-related enterprises
- Help to develop a trained workforce to fulfill the jobs of our evolving economy
- Serve as a focal point for public/private partnerships
- Establish, formalize, and focus applied research initiatives at UH Hilo
- Provide the state with another focal point of economic stimulus
- Result in a tremendous *Return on Investment* within the first year and beyond

Mahalo for this opportunity to testify in support of HB 1617.

Respectfully Submitted,

Barbara A. Hastings  
President 2008-09, Board of Directors



## Japanese Chamber of Commerce & Industry of Hawaii

March 2, 2009

Representative Marcus R. Oshiro, Chair  
Committee on Finance

Dear Chair Oshiro and Members of the House Finance Committee:

RE: Support of HB 1617, Relating to the University of Hawai'i at Hilo

On behalf of KIAA, the Hawai'i Island Chamber of Commerce, and the Japanese Chamber of Commerce & Industry of Hawai'i, we ask that you support HB 1617.

These are hard economic times and we are a small community. Every month at our association meetings, we see how many businesses have closed or are no longer members, or we hear about the next one in trouble. In the last two years, we have lost many companies from a high of about 400 to the present level of 348. Our community desperately needs help.

Hawai'i Community College provides support for our trade and industry businesses, but it does not provide economic stimulus.

The Small Business Development Corporation has an emphasis on entrepreneurship and provides workshops to wanna-be entrepreneurs – for a price. Unless someone walks in the door with a good idea and is properly capitalized, the SBDC does not provide economic stimulus.

We believe that the new office of research and economic development will provide another important focus at UH Hilo. This office will be the go-to people for technology transfer, science and technology-trained students, student STEM experiences, and responsible to manage the university's vast and untapped intellectual resources for community partnerships.

The Vice Chancellor for Research office is desperately needed. Please allow us to build on Dr. Rose Tseng's work and help to make research and economic development another focus for our small community. Dr. Tseng encouraged Dr. Michael Crosby to become involved in our community and he did, meeting with community leaders and businesses to find out who we were and how the university could be of help to them.

This was a breath of fresh air. For the first time, we are no longer talking about an ivory tower in our own back yard – which we taxpayers fund. Instead, we are talking to someone who actually wants to see how the university can be of help, where we can collaborate or partner, and how we can leverage our scarce resources.

***We believe that this small investment by the state will provide UH Hilo with the base support necessary to continue this innovatively-funded office to continue in perpetuity.***

Representative Marcus Oshiro  
March 2, 2009  
Page Two

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We, the Kanoelehua Industrial Area Association, Hawaii Island Chamber of Commerce, and Japanese Chamber of Commerce & Industry of Hawai'i, respectfully request and urge the committee to pass HB 1617.

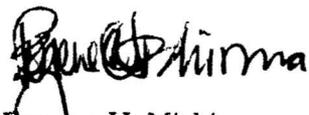
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Mahalo for this opportunity to testify in support of HB 1617.

Respectfully Submitted,

JAPANESE CHAMBER OF COMMERCE AND INDUSTRY OF Hawaii National Bank



Eugene H. Nishimura  
President



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
HAWAII DISTRICT  
P.O. BOX 4160  
HILO, HAWAII 96720-0160

March 2, 2009

Dear Representative Marcus Oshiro,

HB1617 is important to the school communities of the Big Island in our efforts to promote health and safety of our local children and adolescents. Establishing an Office for the Vice Chancellor of Research and Economic Development at UHH allows us to continue our collaborations in health research grant writing for 3 priorities:

- 1) Reducing health disparity among our large groups of Native Hawaiians, Pacific Islanders, especially Marshallese and Chuukese and recent immigrants. Our complex area has large proportion of these diverse cultures.
- 2) Allows our ethnically diverse populations to participate in clinical research projects, which we currently have no funded project on the island for school children.
- 3) Neighbor islands lack research infrastructure capacity and limited opportunities to participate and benefit from research project and outcomes. HB1617 allows the neighbor islands to at least have a research infrastructure, via UHH.

On behalf of Ka'u-Kea'au-Paho Complex Area, I ask for your support of HB1617.

Sincerely,

  
Mary A. Correa *Kau/Kea'au/Paho*  
Complex Area Superintendent

March 2, 2009

Dr. Michael Crosby  
University of Hawaii at Hilo  
Hilo, HI 96720

Dear Dr. Crosby,

As Executive Director of Hui Malama Ola Na `Oiwī, the Native Hawaiian Health Care System for Hawai`i Island, I would like to offer you our enthusiastic support of **HB1617** to establish the Office of Vice Chancellor of Research and Economic Development at the University of Hawai`i at Hilo.

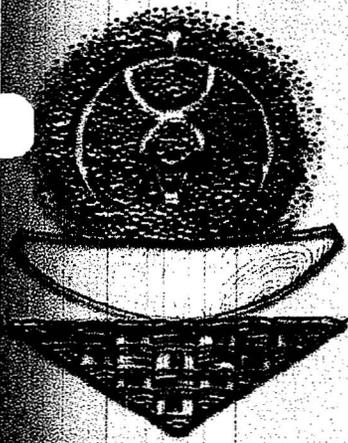
Hui Malama Ola Na `Oiwī is currently collaborating with Dr. Dyanne Affonso to obtain grant monies to address and reduce disparities among Native Hawaiian children. The focus of our collaboration is to teach healthy choices to our native children in an effort to prevent obesity and accompanying diseases, rather than to simply intervene after lifestyles have been established. As an agency that receives federal grant monies, we are aware that federally funded grants are not awarded to the individual named in the grant, but rather to the institution in the name of the grant writer. Without the establishment of the Office of Vice Chancellor of Research and Economic Development, we would not be eligible for this grant, much less address the disparities facing the Native Hawaiian population.

Again, we offer you our full support of HB1617. In this time of economic constraints we need to establish a strong infrastructure to serve as good stewards of the funds entrusted to our agencies.

Sincerely,



Michelle Malia K. Teuber  
Executive Director  
Hui Malama Ola Na `Oiwī



*Uplifting the Nation*

*Hui Malama Ola Na `Oiwī*  
*Native Hawaiian Health Care System*

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*our Native Hawaiian partner*  
*in healthy living!*



**Kanoelehua Industrial Area Assn., Inc.**

820 Piilani Street, Suite 201

Hilo, Hawaii 96720

Phone (808) 961-5422 • Fax (808) 935-9740

Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
Committee on Finance

Nimr Tamimi, P.E.  
President, Board of Directors  
Kanoelehua Industrial Area Association  
In conjunction with the Hawai'i Island Chamber of Commerce & Japanese Chamber of  
Commerce and Industry of Hawai'i  
Phone: (808) 961-5422

Tuesday, March 3, 2009

Support of HB 1617, Relating to the University of Hawai'i at Hilo

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Mahalo for this opportunity to testify in support of HB 1617.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Nimr Tamimi', with a horizontal line extending to the right from the end of the signature.

Nimr Tamimi, P.E.

President, Board of Directors

Kanoelehua Industrial Area Association

In conjunction with the Hawai'i Island Chamber of Commerce & Japanese Chamber of  
Commerce and Industry of Hawai'i

Phone: (808) 961-5422



March 2, 2009

Representative Marcus Oshiro  
Chair, House Finance Committee  
House of Representatives  
Hawaii State Capitol, Rm. 306  
Honolulu, HI 96813

Dear Representative Oshiro and members of the Finance Committee:

We fully support HB1617 for the establishment of the Office of the Vice Chancellor of Research and Economic Development at the University of Hawaii at Hilo.

The University of Hawaii at Hilo has evolved from a small undergraduate teaching institution to a significant comprehensive university with a research component. The Office of the Vice Chancellor of Research and Economic Development at UH Hilo will build the infrastructure necessary to coordinate resources for grant research which will allow faculty and students to focus on research, education and training. It will also encourage further development of science, technology and their interdisciplinary activities, bringing positive results in education, research and our local economy and community. Research dollars also bring administrative overhead dollars which help run the university.

We encourage the House Finance Committee to support HB1617. In these times of economic restraints, HB1617 is a good investment for returns on federally funded research grants and programs.

Thank you for the opportunity to share our view on this issue. If you have any questions, please feel free to contact me at (808) 987-9583 (cellular).

Sincerely,

A handwritten signature in black ink, appearing to read "Barry K. Taniguchi".

Barry K. Taniguchi  
President

**University of Hawai'i at Hilo (UHH)**  
***Investment in a UHH focal point for Applied Research & Economic Development:  
A Vision for Strengthening Educational Excellence and the State S&T Enterprise***

**Overview**

In UHH's advancement towards becoming a comprehensive university, it already secures one of the highest rates of extramural funding awards relative to the number of faculty at the institution. UHH ranks third nationally among over 250 Carnegie Masters I & II public institutions in Federal grants and contracts per employee. When compared with public research I universities, UHH ranks above three-fourths of this group on this metric and over better-noted schools such as those at Berkeley and Austin, Texas. UHH funding rose from \$3.2 million in 2000 to \$18.0 million in 2007, an increase of 462.5%. From 2000 to 2007, the overall numbers of awards at UHH, rose by 341% -from only 22 in 2000 to 97 in 2007. A new culture of "research empowerment" is emerging amongst UHH faculty. Faculty engaged in cutting-edge research efforts in science, technology, engineering and mathematics (STEM) and other fields can and do enhance the undergraduate learning experience when they bring their work into the classroom. Similarly, faculty research projects serve the foundation for rich training opportunities for graduate students about to enter the workforce. STEM majors represent 20% of the UHH graduating students, approximately twice the national average. The emphasis of STEM education at UHH is consistent with state needs and goals. In addition, the pursuit of research endeavors in which the knowledge generated can benefit the State of Hawaii, its industries and its economy represents a positive return on the investments made in those activities.

In order for the UH System to be better positioned to meet the State's science and technology (S&T) related goals, UHH requires essential support to excel in applied and basic STEM research fields that provide the hands-on experiences essential for our graduates to be competitive in the global discovery and innovation enterprise. UHH will make an active and measurable contribution to the State's economy and provide a solid return on its investment through research and training, both through the production of new knowledge and methodologies that help Hawaii's business and citizens, and through the enhanced educational experience of its students. Because participation in faculty-guided research experiences are essential to degree attainment in the STEM fields, UHH STEM initiatives will also help address critical workforce shortages and prepare undergraduate, graduate and professional students to serve in a variety of STEM fields.

The establishment of minimal but desperately needed focal point for provision, strategic leveraging and coordination of administrative support services will be needed to facilitate the growth and expansion of research efforts at UHH as well as the successful application and award of grant funds and other extramural funds to support those research efforts, research experiences for students, and stimulation of S&T business in Hawai'i.

**Focal Point to Integrate Applied Research, Education & Training with Economic Development**

UHH's mission has evolved and expanded in recent years from a principally undergraduate teaching institution to one with a significant STEM research focus as an integral component of both undergraduate and a growing graduate student experience. UHH faculty and students are eager and ideally suited to expand UH System's research enterprise with a priority on weaving Native Hawaiian and Pacific Islander culture and traditional knowledge into STEM research that is aimed at building a globally competitive workforce and diversifying the economic foundation of the State of Hawai'i. UHH is at a point of tremendous growth and expansion, especially in S&T areas. UHH is building the infrastructure, faculty and staff to become a leader in science research in the state and region. UHH has a broad portfolio of externally and state supported projects that are significant in their respective efforts to enhance institutional research capabilities and link research with education.

Enhanced educational and training experience for UH Hilo students in STEM fields is absolutely essential. In order for UHH to achieve its full potential to contribute to the development of a new generation of STEM graduates that will fuel the expansion of Hawaii's S&T economy, it is essential that a permanent, formal administrative and grants support focal point be created for all UHH STEM research experiences for both undergraduate and graduate student projects and programs. The UHH Office of Vice Chancellor for Research and Economic Development (VC-RED) will serve as the overarching institutional focal point for coordination of all undergraduate and graduate STEM mentorship programs and integration with ongoing and future research

projects, with an aim to build synergy between the many capacity-building and mentorship programs and support available to STEM majors at UHH, thereby increasing institutional effectiveness in broadening participation. Our goal is to create and demonstrate proof of concept for a new paradigm model aimed at transformationally increasing participation of underrepresented cultural, socio-economic and ethnic groups from the Pacific Islands in undergraduate and graduate STEM education, attainment of BS, MS and PhD STEM degrees, and broadening participation of these groups in university teaching and research positions.

Establishment of a fully functional VC-RED Office will significantly increase cost-effective utilization of grant indirect/overhead funds, serve as a focal point for all STEM education/training experiences and mentoring that are integrated with UHH research projects, will support the growing research programs across departments at UHH, be responsible for all budgeting/fiscal aspects of research grants, and allow both faculty and students to focus their efforts more directly on their research, education and training. VC-RED will also serve as a UHH focal point for leading UHH efforts in S&T economic development, encourage interdisciplinary activities and foster programs that promote S&T economic progress of the state. It will also provide the long-term strategic vision and oversight required for the expanding UHH research programs, and link these more directly to stimulation of STEM related economic development in Hawai'i.

Through a newly created VC-RED office, UHH will be much better positioned to support the development and implementation of high impact research and undergraduate degree program initiatives that address State priorities, as well as providing essential research experiences for UHH STEM students to become a highly qualified and globally competitive S&T workforce. Initiatives that would be pursued would include the following:

- Germination of "Alternative Energy and Food Security for Hawai'i through Sustainable Agriculture" Research and Workforce Development Initiative
- Germination of "Robotics/Artificial Intelligence for the Future" Research & Workforce Development Initiative
- Germination of "Rural Health Outreach & Education" Initiative to address rural Hawai'i health disparity issues
- Establishment of a UH Hilo Applied Engineering Undergraduate Degree Program

UHH and UHM should not be viewed as "competing" or duplicating research programs. This is not a zero-sum game, because these institutions are not competing with each other. Rather, they are part of the same UH System. UHM primarily concentrates on basic research and graduate research experiences, while UHH focuses more on filling the niche for applied research that seeks to strongly link to both the undergraduate STEM education experience and S&T economic stimulation for Hawaii. So each institution's research enterprise will complement what the other is doing and strengthens the broader UH System as it addresses the critical needs of our State.

#### **Addressing Priority Goals for Hawai'i**

Establishment of a UHH VC-RED Office will directly support the following 2050 Hawai'i Sustainability recommendations for a "Sustainable Hawai'i":

- Strengthen Public Education
- Reduce reliance of fossil fuels
- Promote food security for the State
- Develop more resilient and diversified economy, and
- Strengthen local S&T workforce

The VC-RED Office is envisioned to be flexibly organized to address three core areas: Sponsored Programs, Research Development/Training, and Economic Development/Innovation Initiatives. The local business community has a strong desire for an enhanced UHH role in stimulating S&T related economic development in Hawai'i. Therefore, a Big Island S&T Economic Stimulation Advisory Committee will also be established to provide the VC-RED direct and pro-active 2-way flow of information, suggestions and ideas with the local community and significant engagement of representatives from the diverse business enterprise on the Big Island. Establishment of a UHH VC-RED Office will be a significant step towards fulfilling a vision for both enhancing existing programs within UHH, and developing and implementing new programs and partnerships that can form the basis of locally, regionally and globally relevant, and nationally and internationally respected, UHH research programs having a diversity of S&T foci with strong linkages to education, innovation and local S&T-based economic development.

**Business Plan for establishment of UH Hilo  
Office of Vice Chancellor for Research and Economic Development**

**Mission of the Office**

An Office of the Vice Chancellor for Research and Economic Development (VC-RED) at UH Hilo would serve as the overarching institutional focal point for the campus in three strategic areas: 1) sponsored programs, 2) research development/training, and 3) economic development/innovation initiatives.

A VC-RED Office would:

- Bring science and technology (S&T) economic and workforce development to higher level
- Establish, formalize, and focus applied research initiatives at UH Hilo
- Serve as a liaison between community businesses and UH Hilo
- Facilitate a two-way exchange between the business community and UH Hilo
- Provide a focal point for public/private research and business partnerships
- Identify research needs, hurdles, and strategically plan for future research on the Big Island
- Formalize a management strategy to equitably distribute RTRF (returned overhead) monies
- Develop and coordinate effective undergraduate and graduate STEM mentorship programs
- Enhance university/community involvement with ongoing and future research projects
- Broaden faculty participation to increase intramural collaboration with all UH campuses
- Coordinate student-employee STEM experiences
- Stimulate the development of locally-based S&T-related enterprises
- Help develop a trained local STEM workforce to fulfill jobs of our evolving local economy
- Support the development of new S&T businesses
- Encourage S&T businesses to relocate to Hawaii
- Seek to expand STEM employment opportunities for Hawaii expatriates desiring to return and for UH Hilo STEM majors wanting to establish a career at home

**Engagement with the Local Business Community**

The local business community has publicly expressed a strong desire for an enhanced UH Hilo role in stimulating S&T-related economic development. Should a VC-RED Office be formally funded with General Funds, a Big Island S&T Economic Stimulation Advisory Committee would be established to provide the VC-RED with a direct and pro-active two-way flow of information with the local business community.

**Base-Level Funding Investment is Critical**

An innovative blended approach of funding support would serve as the basis for the staffing and operations of a VC-RED Office. A VC-RED Office would employ a strategy of leveraging base level state appropriated funding with non-state appropriated sources (external grants, contracts, etc.).

- *A base level annual investment of state appropriated funding of \$200,000 per year would be essential to establish and maintain the VC-RED Office.*
- *UH Hilo would utilize non-state appropriated “soft money” funds from grants, partnerships with private enterprise and similar sources to supplement state appropriated base-funding.*
- *Supplies, equipment and space for this core staff would also be supported through soft money funds and existing facility space.*
- *FY2010 state appropriated base-level funding investment is imperative since the National Science Board’s two years of support for the Interim VC-RED terminates in December 2009.*

**Managing Research “Income”: An Efficient and Strategic Allocation of Overhead Funds**

To ensure continued success and vibrancy, every business must re-invest much of the income earned back into the company. For universities, this “income” comes in the form of RTRF monies, or the return of overhead funds from extramural research grants and contracts. Having the VC-RED manage and re-invest UH Hilo RTRF will strategically strengthen UH Hilo’s ability to secure additional non-State funding for the campus. Establishment of a fully functional VC-RED Office will significantly increase cost-effective utilization of grant indirect/overhead funds and support the growing research programs across departments at UH Hilo. During the 5-year period from

FY2004-2008, UH Hilo received an annual average of ~\$16.4 million in non-state appropriated “soft money” awards (ranging from ~\$14.6 million to ~\$18.6 million annually). Many of these awards include partial salary funding for various research administration staff positions specific to that award.

**Strategic Leveraging and Coordination of Human Capital Resources**

The leveraged VC-RED organizational structure would employ a matrix management approach to facilitate integration of currently separate silos of staff from different programs in a manner to significantly increase efficiency and effectiveness. The VC-RED would serve as a focal point for leveraging personnel that would normally be exclusively assigned to large, capacity-building grants with an innovative team approach. Project administrative personnel will be split-funded with the majority of funding coming from project funds and a small portion from RTRF funds, and would work collaboratively to support the mission of the VC-RED. Using a portion of project staff time eliminates the need to add headcount to the VC-RED and RCUH staff. UH Hilo currently has at least nine project personnel suitable for this team approach.

RCUH Hilo will continue serving as the Sponsored Projects Office for the VC-RED’s by handling all of the procurement and fiscal components of grants and contracts management. The RCUH Executive Director and UH Hilo Interim Vice Chancellor for Research have agreed to provide joint guidance for and evaluation of the RCUH Hilo Director. Thus, under the new matrix management model, the VC-RED will provide direct guidance to RCUH Hilo. RCUH Hilo staff include five experienced and highly-qualified personnel: Administrative Services Assistant – Travel, Administrative Services Assistant – Procurement, Project Development Specialist, Admin/Fiscal Services Administrator, and Director. These five positions would continue to be fully funded by RCUH.

Other programs that were originally designed to work independently are also excellently positioned to work collaboratively to obtain enhanced results benefiting the UH Hilo and local business community. For example: Hawaii’s Small Business Development Center Network (SBDC) and Hawaii Innovation Center at Hilo (HICH) run by HTDC will work together to help drive the economic development focus of the office. SBDC currently provides expert advice and workshops to prospective entrepreneurs, a necessary resource to stimulate business development. HICH and the resources of the HTDC may be used as a venue to launch new businesses resulting from UH Hilo’s focus on applied research and the VC-RED’s focus for S&T transfer.

Ideally, a UH Hilo VC-RED Office would be authorized to include the position of UH Hilo Vice Chancellor for Research and Economic Development, and such key administrative and technical staff and faculty positions as its budget allows and which are needed to fulfill its mission. A core VC-RED staff would consist of positions funded by a combination of General Funds and soft money. Such a core staff might be structured and funded as follows:

| <b>Position</b>                        | <b>General Funds</b> | <b>Soft Money (non-state funds)</b> | <b>Total</b>     |
|--|----------------------|-------------------------------------|------------------|
| S&T Economic Development Specialist    | \$ 20,000            | + \$ 50,000 =                       | \$70,000         |
| S&T Grants/Contract Specialist         | \$ 20,000            | + \$ 35,000 =                       | \$55,000         |
| STEM Research Experiences Coordinator  | \$ 20,000            | + \$ 40,000 =                       | \$60,000         |
| Executive Secretary                    | \$ 40,000            | + \$ 0 =                            | \$40,000         |
| VC for Research & Economic Development | \$100,000            | + \$ 75,000 =                       | \$175,000        |
| <b>Total</b>                           | <b>\$200,000</b>     | <b>+ \$200,000 =</b>                | <b>\$400,000</b> |

The VC-RED would serve as the focal point to strategically unite these entities in collaborative efforts. Further, many federal agencies are requiring projects to collaborate within institutions, with other institutions, and with community partners. Establishment of the VC-RED would provide UH Hilo with a way to efficiently manage these efforts on a full-time basis.

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 02, 2009 4:22 PM  
**To:** FINTestimony  
**Cc:** cchiesa@pdc.org  
**Subject:** Testimony for HB1617 on 3/3/2009 6:00:00 PM

Testimony for FIN 3/3/2009 6:00:00 PM HB1617

Conference room: 308  
Testifier position: support  
Testifier will be present: No  
Submitted by: Chris Chiesa  
Organization: Pacific Disaster Center  
Address: 1305 N. Holopono St. Kihei, HI  
Phone: (808)891-0525  
E-mail: cchiesa@pdc.org  
Submitted on: 3/2/2009

**Comments:**

Dear Representative Marcus Oshiro,

I would like to express my support for the establishment of the Office of Vice Chancellor for Research and Economic Development at the UH-Hilo Campus which has been proposed in HB1617. This new office will, among other things, facilitate collaboration between faculty and researchers at UH-Hilo and those at other UH units and organizations; collaboration which has a high potential for receiving federal funding. With out such an office, UH-Hilo will not be eligible to receive funding from several key federal agencies.

The outcomes envisioned from establishment of this office will certainly benefit the state - both in terms of new, innovative research to solve challenging problems here and around the globe, and funding to sustain and grow the research community within the State.

Regards,  
Chris Chiesa  
Chief Information Officer  
Pacific Disaster Center  
1305 N. Holopono St.  
Kihei, HI 96753

**Kurtistown 12- MILE KUMIAI ASSOCIATION**  
**PO Box 159**  
**Kurtistown, Hawaii 96760**

March 2, 2009

Dear Representative Marcus Oshiro,

Subject: The House Finance Committee hearing regarding HB1617 which establishes the Office of the Vice Chancellor for Research and Economic Development (VC-RED) at the University of Hawaii at Hilo. We support this Bill.

I am currently the President of the Kurtistown 12-MILE KUMIAI ASSOCIATION, on the Big Island, founded in the 1950s by first and second generation multi-ethnic immigrants living in sugar plantation camps, in the community of Kurtistown. I am writing this testimony in behalf of the KUMIAI.

The 12-MILE MARKER indicated Kurtistown was 12 miles out of Hilo, which was far back then. The KUMIAI was clear in communicating that while Kurtistown was "country" and rural, primarily ethnic minority and marginalized, they were not sitting back, they were full of energy for equal opportunity. The KUMIAI were organized, great clarity on working together for the health and welfare of hundreds of families to improve their quality of life in the country. The effort and spirit of the original founders perpetuate today through the 12-MILE KUMIAI, and all the existing KUMIAI ASSOCIATIONS that meet annually and as needed to build, develop and perpetuate community, in addition to giving deep support during births, illness, funerals, and community events.

In the 21<sup>st</sup> Century, our sense of "community" encompasses the Big Island. Community stakeholders follow the KUMIAI Constitution and By-Laws in promoting the general welfare securing adequate laws, ordinances and/or regulations to insure protection and safety of residents, especially children of this community. We also afford social and recreational opportunities to our community.

HB 1617 enhances our capacity by establishing the Office of the Vice Chancellor of Research and Economic Development (VC-RED) at University of Hawaii at Hilo. Our 12-MILE KUMIAI supports this Bill that is critical to insure protection and safety, health and economic development for Big Island residents.

1. We talk with other community associations on health needs, protection and safety of residents from violence and crime, public health issues of obesity, diabetes, sedentary lifestyle, pain management, depression. We all want correct information, scientific research, evidence-based studies pertinent to our population.

2. An academic leadership position on Big Island is needed to support and anchor grants that allow us to do rigorous research that give us evidence so we can make policies that matter to improving quality of life. We need the Office of the Vice Chancellor of Research and Economic Development to further build the structure here to administer grant applications and their implementation upon funding.
3. Yes, we are rural, and we want high standard of research and development. Our KUMIAI support health research programs because prevention is good economic investment. "A stitch in time saves nine."

We fully support HB1617 and ask you and your committee to understand where the KUMIAI comes from.

Yours truly,

June Shibuya, President

KURTISTOWN 12-MILE KUMIAI ASSOCIATION

March 2, 2009

Marcus Oshiro, Chair  
House Finance Committee  
House of Representatives, State Capitol

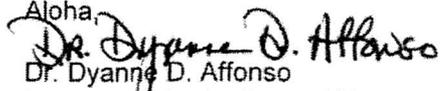
Dear Representative Marcus Oshiro,

HB 1617 to establish the Office of the Vice Chancellor of Research and Economic Development (VC-RED) at University of Hawaii at Hilo is critical to the health and economic development of our Big Islanders and the State of Hawaii for three reasons:

1. A state-funded research office and its academic leadership position on Big Island allows the State to leverage its funds of approximately \$200K in building federally-funded programs to advance science, stimulate economic revitalization and promote the public health of local people. Consequence of not funding HB 1617: UHH will not qualify or be eligible for many grant initiatives that require a research office in place along with state-funded leadership position to demonstrate commitment of an institution.
2. President Obama's stimulus package designated \$10B increase to the National Institutes of Health. Grant Initiatives will be flowing soon to target prevention of chronic diseases such as diabetes, obesity, and cardiac risk and reducing health disparities. NIH grants are given to institutions, in the name of the Principal Investigator. Every sector of the UH system needs to be ready for action in grant writing and submissions to compete nationally for these funds. Consequence of not funding HB 1617: UHH will not be eligible for many NIH grant mechanisms such as Program-PO level grants and Centers of Excellence without a VC-RED structure. State of Hawaii will lose a portion of its capacity in the NIH grant playing-field by having a campus that is situated in health disparate communities, but does not have a research structure operating at full capacity. The State cannot afford to have research be an option anymore at a higher-degree UH campus.
3. Local people need signs of "Malama" especially in times of economic crisis and entrenchment, to demonstrate decision-makers care. Big Island and the neighbor islands are rich community research laboratories for public health and rural health initiatives, which needs visibility in the state for equity and as a moral-ethical imperative, amidst all other research activities. Consequence of not funding HB 1617: Neighbor islanders will not have equal opportunities to participate in clinical research projects because they lack research infrastructure capacity. Our Pacific geography of life on outer islands does not have to affect health by diminishing access to federally-funded grant projects, when the VC-RED is in place on one of the neighbor islands, with capacity to benefit all islands.

Amidst hard economical times, HB 1617 is a good investment for returns on federally-funded science and health prevention programs that benefit local citizens. On behalf of people from Hawaii Island and neighbor islands, I humbly ask the Finance committee to support HB 1617.

Aloha,

  
Dr. Dyanne D. Affonso  
Member of the Institute of Medicine

Representative Marcus R. Oshiro, Chair  
Representative Marilyn B. Lee, Vice Chair  
Committee on Finance

Tuesday, March 3, 2009 - 6 PM

Support of H.B. 1617, Relating to the University of Hawai'i at Hilo

The East Hawai'i Community Development Corporation (EHCDC) strongly supports H.B. 1617, relating to the Establishment of the Office of the Vice Chancellor for Research and Economic Development at the University of Hawaii at Hilo (UH Hilo).

EHCDC was established as a 501(c)(3) organization to develop, implement and conduct various activities including: economic development, research, training and education for East Hawai'i and the County of Hawai'i in the State of Hawai'i.

Specifically, East Hawai'i CDC's vision is to help create new industries or to transition existing businesses in East Hawai'i by embracing innovation. The mission of East Hawai'i CDC is to create good, high-paying jobs to serve the residents of our struggling neighborhoods through workforce development, community planning, partnering and organizing.

According to the Hawai'i County Department of Research and Development in 2006, 99.8% of businesses on the island are classified as Small Business and 80% of the workforce is employed by these small businesses. Many of these small businesses are in danger of failing and several have already failed. In order for these businesses to survive, and for new enterprises to develop and succeed, it is critical, now more than ever, for the community to partner with UH Hilo.

The Establishment of the Office of the Vice Chancellor for Research and Economic Development at UH Hilo has already caused quite a positive stir around the community and there is now hope that we will be able to partner with Dr. Crosby and strategically plan for our future. With the university's help, we want to focus on developing a science and technology-ready workforce, and to spin off new technologies into micro-enterprises.

Please support HB 1617. We believe it to be a small investment which will result in a huge return, translating to more tax dollars to the state.

Ernest Matsumura, President 

Allan Takase, M.D., Vice President

Nimr Tamimi, P.E., Secretary 

Sharyl Kasarskis, Treasurer 

Mike Gleason, Director 

Richard Ha, Director

Bridget Awong, Director 

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The Board of Directors of East Hawai'i Community Development Corporation  
113 Kuawa Street, Hilo, HI 96720