



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the House Committee on Finance

February 18, 2009 at 2:00 pm

By

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And

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HB 1730 RELATING TO STATE FINANCES

Chair Oshiro, Vice Chair Lee and Members of the Committee:

Thank you for the opportunity to express our views on HB 1730. The bill would authorize the State to issue \$20 million of general obligation bonds to fund construction of the Cancer Research Center of Hawaii (CRCH) in exchange for \$40 million of Cancer Research Center Special Fund moneys being transferred to the State General fund, resulting in a net reduction in funds for CRCH of \$20 million.

The University of Hawai'i opposes this proposal for the following reasons:

1. The \$20 million net reduction in funding would be problematic for CRCH to pay for operations, maintenance, and new faculty start-up expenses and salaries which are needed in order for CRCH to maintain its National Cancer Institute (NCI) designation and receive research funds from the National Institutes of Health (NIH).
2. Changing the other \$20 million of funds from special funds to general obligation bond funds would mean that those funds could not be used for operations of CRCH, which was one of the main purposes of the funds. Not only would this eliminate use of these moneys for non-capital improvement items such as start-up expenses, operating and maintenance expenses and new faculty salaries, but also, the money could not be payable to the developer as lease rent, which is the current approach being pursued for development of the CRCH. In addition, the net reduction in funds would result in a reduction in the amount of space which could be constructed.
3. An alternative to the developer financing the construction of the center and leasing it to the University is the University issuing revenue bonds and using the cigarette tax

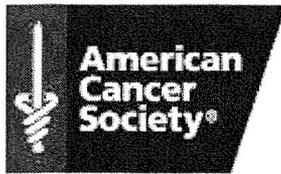
monies in the Cancer Research Center Special Fund to pay the debt service on the revenue bonds. In either case, the funds would be leveraged, providing a greater amount of funds for construction of the center. Exchanging special funds for general obligation bond funds – as this measure proposes - would not allow for such leveraging since bond funds could not be used to pay for lease rent or debt service on revenue bonds.

The top priorities of the Cancer Research Center are to: a) hire faculty to provide advances in cancer research and facilitate coordination of clinical trials and; b) build the new Cancer Research Center facility to support those efforts. Both initiatives are dependent on funding from the Cancer Research Special Fund as provided by the State's cigarette-tax.

We are making progress in recruiting more talented researchers to the ranks of our existing excellent faculty and in the planning for the construction for the new cancer center building which will serve as a demonstration of the community's collective commitment to this goal. In that way, we stay firmly on the path of meeting the high standards required to maintain our current National Cancer Institute designation and move toward the goal of a comprehensive cancer center designation.

The collaborative efforts of the leadership of the Cancer Center, medical school and our local hospital systems are resulting in significant strides towards maintaining our current NCI designation, beginning construction of the new Cancer Center building, and securing the foundation for the future of clinical cancer research in Hawai'i. These endeavors will benefit the University, our community, and scientific research.

For the reasons described above, the University respectfully opposes HB 1730 and requests that the bill be held. Thank you for the opportunity to provide testimony on this measure.



February 16, 2009

Committee on Finance
Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair

Hearing:

2:00 P.M., Wednesday, February 18, 2009
Hawaii State Capitol, Room 308

RE: HB1730, Relating to State Finances

TESTIMONY IN OPPOSITION

Chair Oshiro, Vice Chair Lee, and members of the Committee on Finance. My name is George Massengale and I am the Director of Government Relations with the American Cancer Society Hawaii Pacific Inc. Thank you for the opportunity to testify in opposition to HB1730, which authorizes issuance of general obligation bonds to fund construction of the cancer research center of Hawaii. It also authorizes the transfer of \$20 million on 7/1/2009 and 7/1/2010 from the cancer research special fund into the state general fund.

The American Cancer Society Hawaii Pacific Inc., was founded in 1948, and is a community-based, voluntary health organization dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering from cancer, through research, education, advocacy, and service. This mission is consistent with the Society's ambitious 2015 goals of slashing the cancer mortality rate by 50%, reducing the incidence of cancer by 25%, and improving the quality of life of cancer patients and survivors by reducing the pain and suffering that cancer causes.

Three years ago the American Cancer Society strongly supported legislation that raised the cigarette tax in Hawaii and allocated a portion of the new revenues into the Hawaii Cancer Research Special Fund for a new CRCH research facility in Kakaako. In addition, monies in the fund could be utilized for operating expenses.

We would also note for the committee that CRCH is an NCI-designated cancer center. Designated centers are characterized by scientific excellence and the capability to integrate a diversity of research approaches to focus on the problem of cancer. CRCH conducts research on the causes, prevention and treatment of cancer across a broad array of disciplines. Research areas include epidemiology, molecular carcinogenesis, cancer treatment, prevention methods, quality of life in cancer survivors, new therapeutic approaches to cancer treatment, and community-based interventions to promote cancer preventive lifestyles in our multiethnic population. The CRCH serves as a focal point for public information to the State of Hawaii on the latest in knowledge relating to cancer, operating the Hawaii Cancer Information Service and maintaining close ties with other health organizations to assure that up to date information is available to the public and

Hawaii's clinical oncologists. Statewide cancer clinical treatment trials are administered through the Clinical Trials Unit of the CRCH. In addition, CRCH researchers conduct many studies designed to reduce cancer incidence in the general population. These trials represent state of the art new treatments that have the potential to advance our knowledge and improve the prevention and treatment of cancer. Finally, training opportunities related to a broad array of cancer research are provided by CRCH faculty to trainees at a variety of educational levels ranging from high school students to practicing clinical oncologists.

In October of last year a new program was launched in Maui to improve that island's access to oncologists. Until this was program was launched Maui patients had to travel to Oahu for participation in clinical trials. We acknowledge and applaud CRCH for establishing this clinical trails program in Maui. No doubt this will make access to research treatments easier.

We also understand that there have been problems associated with initiating construction of the new research facility in Kakaako. The Society, along with many others, has concerns regarding the delays in moving this project forward. **Our concerns at this time revolve around additional delays that may be encountered in getting this project off the ground, if the dedicated funding stream was interrupted and replaced with general obligations bonds. We need to get this project moving forward without undue delay. The bottom line is, the sooner this facility is in operation, the sooner additional lives will be saved.**

Finally, we would note for the committee that over the last four years Hawaii Cancer Research grants have gone from \$33.5 million in January 2005, to a projected \$13.8 million by October 2009. If CRCH's cancer research grant amount falls below \$10 million, CRCH's NIC-designation could be at risk. The best way to ensure that this doesn't occur is to ensure that construction for the new cancer research facility moves ahead. A new modern CRCH with state of the art research laboratories will attract additional grants and researchers.

Mahalo for giving me the opportunity to provide testimony regarding our concerns to the committee.

Very truly yours,



George S. Massengale, JD
Director of Government Relations



THE QUEEN'S HEALTH SYSTEMS

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Representative Marcus Oshiro, Chair
House Committee on Finance

Wednesday, February 18, 2009: 2:00 PM
State Capitol, Conference Room 308

Re: HB 1730 – RELATING TO STATE FINANCES

Chair Oshiro, Vice Chair Lee, and Members of the Committee:

My name is Art Ushijima, CEO of The Queen's Health Systems and The Queen's Medical Center (Queen's), **testifying in opposition to the section of HB 1730** which authorizes the transfer of \$40,000,000 from the Hawaii Cancer Research Special Fund into the State general fund.

The Queen's Medical Center is the largest private tertiary care hospital in the State of Hawaii offering specialized care in the areas of cardiology, neuroscience, orthopedics, behavioral health, oncology, women's health, emergency services and trauma. Queen's has the largest number of physicians, nurses, and other professional and technical staff in the state supporting cancer patients. Over one-third of the newly diagnosed cancer patients in the state are treated at Queen's. As one of the major providers of cancer care in Hawaii, Queen's strongly supports the University of Hawaii Cancer Research Center of Hawaii (CRCH).

In addition to transferring \$40 million from the Hawaii Cancer Research Special Fund to the general fund, HB 1730 proposes the authorization of general obligation bonds (to replace \$20 million from special funds) for construction expenses. This limitation significantly inhibits CRCH's flexibility in utilizing funding and maximizing financing opportunities. The Hawaii Cancer Research Special Fund was established and funded with a broader purpose in mind.

While Queen's wholly appreciates the Legislature's budgetary challenges in light of the State's economic outlook, we respectfully ask the Committee's consideration of the economic benefit and employment diversification that the CRCH will bring to Hawaii. The Queen's Health Systems and The Queen's Medical Center is committed to our partnership with the Cancer Research Center of Hawaii and looks forward to a community-wide clinical research collaboration and the improvement of cancer care in Hawaii. Thank you for the opportunity to testify.