

Charlotte A. Carter-Yamauchi
Acting Director

Research (808) 587-0666
Revisor (808) 587-0670
Fax (808) 587-0681



LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
415 S. Beretania Street, Room 446
Honolulu, Hawaii 96813

Written Comments

HB556 HD1 RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII

Comments by the Legislative Reference Bureau
Charlotte A. Carter-Yamauchi, Acting Director

Presented to the House Committee on Finance

Thursday, February 26, 2015, 3:00 p.m.
Conference Room 308

Chair Luke and Members of the Committee:

Good afternoon Chair Luke and members of the Committee, thank you for providing the opportunity to submit written comments on H.B. No. 556, H.D. 1, Relating to the Research Corporation of the University of Hawaii.

The purpose of this measure is to have the Legislative Reference Bureau conduct a study on the appropriateness of affording the benefits conferred under chapter 76, Hawaii Revised Statutes, relating to civil service, and chapter 89, Hawaii Revised Statutes, relating to collective bargaining, to persons employed by the Research Corporation of the University of Hawaii. The Bureau is required to submit a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2016

In its analysis, the Bureau is to consider, among other things:

- (1) The mission, responsibilities, functions, and recruitment needs of the Corporation;
- (2) The status, benefits, duties, functions, and retention concerns of persons employed by the Corporation; and

- (3) Other viable strategies to address the recruitment and retention concerns of the Corporation and its employees.

While the Legislative Reference Bureau takes no position on this measure, we submit the following comments for your consideration regarding the measure.

If the Bureau is mandated to undertake this study, we suggest that the Research Corporation of the University of Hawaii also be mandated to cooperate with the Bureau and provide any information, materials, and any other assistance the Bureau may need in order to complete the study in a timely manner.

The Bureau believes that the services requested under this measure are manageable and that the Bureau will be able to provide the services in the time allotted; provided that the Bureau's interim workload is not adversely impacted by too many other studies or additional responsibilities, such as conducting, writing, or finalizing other reports, drafting legislation, or both, for other state agencies, task forces, or working groups that may be requested or required under other legislative measures.

Thank you again for this opportunity to provide written comments.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
February 26, 2015 at 3:00 pm

by
Vassilis L. Syrmos
Vice President for Research and Innovation
University of Hawai'i

HB 556 HD1 – RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII

Chair Luke, Vice Chair Nishimoto, and members of the committee:

The University of Hawai'i supports this measure that would require the Legislative Reference Bureau to conduct a study on the appropriateness of affording the benefits of civil service under HRS Chapter 76 and collective bargaining under HRS Chapter 89 to employees of the Research Corporation of the University of Hawai'i (RCUH).

The University of Hawai'i opposed the original version of HB 556 and maintains that any proposed measure to place RCUH employees in a bargaining unit or under civil service law would compromise UH's research projects, which require the recruitment and retention of specialized employees, and significantly jeopardize the University's world-renowned research and training enterprise.

RCUH exemptions from state statutes on matters relating to procurement and personnel (HRS Chapter 304A - 3001 to 3011) has given UH the needed flexibility to continue its research excellence in areas such as agriculture, astronomy, medicine, oceanography and renewable energy.

The University of Hawai'i appreciates the opportunity to submit testimony on this measure.

The Research Corporation of the University of Hawaii



Human Resources Department

Testimony of the Research Corporation of the University of Hawaii
Before the House Committee on Higher Education
Conference Room 309
February 12, 2015 – 2:00 pm

In Support of the study proposed in
HB556, HD1, RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
(Opposed to HB556 in its original version)

by

Nelson Sakamoto, Director of Human Resources on behalf of Michael Hamnett, Executive Director

Committee Chair Choy, Vice Chair Ichiyama and Members of the Committee:

The Research Corporation of the University of Hawaii **supports the study proposed** in H.B. 556, HD1. We oppose HB556 in its original version.

Fifty years ago during the 1965 Legislative Session, an astute Legislature and Governor John A. Burns established a public corporation called the Research Corporation of the University of Hawaii (RCUH). The RCUH was created to provide the University of Hawaii and State of Hawaii with (quoting from the 1965 Standing Committee Report) a *“more flexible and streamlined method of operation than is permitted the usual operations of State agencies. In short, the University must be able to function in certain research activities more like a business.....”*. This would enable the University *“to bring their maximum capability to bear on research programs of great value to the institution and the state.”* The justification for creating the RCUH fifty years ago remains the same: *“Increasingly, research contracts accepted by the University require rapidity of action and flexibility in operational and financial activities more characteristic of business firms than of governmental agencies. State regulations of many type which control the University’s normal functioning do not provide the expeditious managerial environment needed to function in the highly competitive area of science-related activities now involving universities, federal government and private industry.”* For fifty years the RCUH has done its job for both the University and the State of Hawaii.

- **Flexible and Streamlined Method of Operations:** An example of RCUH’s flexible and streamlined human resources function shows in FY2013-14 the RCUH hired 1,498 employees (543 were Regular status, 955 were temporary status) and terminated 1,620 employees (544 were Regular status, 1,076 were temporary status). We conducted 634 recruitments, of which 282 were new job classifications. For each workday, the RCUH is classifying 1 new job, conducts 2.5 recruitments, hires 6 and terminates 6.5 employees. Many of these new hires are University graduates with degrees in Science, Technology and Engineering.
- **Function More Like a Business:** The RCUH operates with highly efficient and cost-effective business processes. RCUH’s business throughput (e.g, administrative costs to volume of business) for FY2012-13 = 1.4% and FY2013-14 = 1.8%. By any measurement this is extraordinary. This has been an immense cost saving for the University and the State.
- **No State Appropriations – Solely by Management Fees:** All of this is accomplished with no State appropriations. The RCUH has operated solely on management fees it charges the University and other client users of its services.

The RCUH opposes any effort to diminish its ability to provide a competitive advantage to the University of Hawaii in the highly competitive arena of federal research contracts/grants. No other comparably sized private or public organization can compare with the RCUH’s business efficiencies. Any modification to Chapter 304A, Hawaii Revised Statutes will take away many one-of-a-kind job opportunities for UH graduates with science, technology and engineering degrees.

In closing and in support of H. B. 556, HD1, we believe the 2015 Legislature will act as astutely as its 1965 counterparts and maintain the RCUH’s ability to operate with flexibility, responsiveness, and in a business-like fashion. “If it’s not broke, don’t fix it.”

Thank you for considering our testimony.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Eighth Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association
February 26, 2015

H.B. 556, H.D. 1— RELATING TO
THE RESEARCH CORPORATION
OF THE UNIVERSITY OF HAWAII

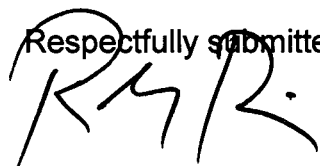
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO respectfully requests that the Committee on Finance restore H.B. 556, H.D. 1 back to the original language of H.B. 556. The HGEA believes that there needs to be greater clarification within HRS 304A-3005 regarding the employment and use of the Research Corporation of the University of Hawaii when hiring for positions that are customarily and historically within a bargaining unit as determined by HRS 89-6.

If the committee is not willing to restore the original language, we request that the study focus on what RCUH's purpose is in regards to the University of Hawaii's use of the corporation. Also to clarify on what grounds the RCUH had for not putting employees in a bargaining unit when 304A-3005 does not exempt HRS 89-6.

The change in focus of the study by the Committee on Higher Education is detrimental to collective bargaining and in turn loosens the oversight the State of Hawaii has over the use of resources granted to it. This study will open a gateway of privatization in direct conflict with Constitutional and statutory law.

The HGEA would, once again, like to make it clear that there is no expectation to convert existing RCUH incumbents to bargaining unit employees. Rather, the objective is for the University of Hawaii to review new positions or existing ones as they become vacant to properly determine whether a position meets the criteria to be hired through RCUH or the University of Hawaii. Through this review process, greater accountability can be achieved in how research funds are spent.

Thank you for the opportunity to provide comments for H.B. 556, H.D. 1.

Respectfully submitted,


Randy Perreira
Executive Director

Testimony of The Nature Conservancy of Hawai'i
Commenting on H.B. 556 HD1 Relating to the Research
Corporation of the University of Hawaii
House Committee on Finance
Thursday, February 26, 2015, 3:00PM, Room 308

For more than 35 years, The Nature Conservancy of Hawai'i has been working closely with government agencies, local businesses, private landowners, non-profit partners, and interested communities across the state to preserve the lands and waters upon which all life in these islands depends. The Conservancy is a private non-profit conservation organization that has helped to protect nearly 200,000 acres of natural lands in Hawai'i. Today, we actively manage more than 35,000 acres in 11 nature preserves on Maui, Hawai'i, Moloka'i, Lāna'i, and Kaua'i, and support 19 coastal communities seeking to co-manage marine resources in partnership with the State of Hawai'i.

The Nature Conservancy does not object to the Legislative Reference Bureau study proposed by H.B. 556 HD1. We would oppose any reversion to the original provisions of this bill.

The Invasive Species Committees (www.hawaiiinvasivespecies.org), Watershed Partnerships (www.hawp.org), the Hawai'i Ant Lab (www.littlefireants.com) and several endangered species protection programs would be greatly affected by the original draft of H.B. 556. If the bill were to pass in its original form, several of the state's watershed protection and invasive species programs might cease, including efforts to control little fire ants and coqui frogs amongst others.

These programs and the people they employ are dependent on year-to-year funding. Furthermore, State funds are not their sole source of funding, but many rely on substantial amounts of county, federal and private grant funds. So, it is unclear how these entities could support regular State employees. RCUH is a better fit for them because it can hire faster, and change job descriptions and responsibilities faster than would be true with State employees, allowing faster responses to crises such as new invasive species. All of this is important when dealing with one-year and year-to-year funding from multiple sources. Furthermore, many of these projects and programs are UH applied research projects, looking at how best to respond to and manage threats to Hawai'i's natural resources and agriculture. Unionization might be most appropriate for programs that are entirely and consistently funded by State general funds. That is not the case for these critical programs.

Thank you for the opportunity to testify on this bill.

BOARD OF TRUSTEES

Mark E. Agne Paul D. Alston Alan H. Arizumi Christopher J. Benjamin Anne S. Carter Richard A. Cooke III
Peter H. Ehrman Kenton T. Eldridge Thomas M. Gottlieb James J.C. Haynes III Mark L. Johnson
Dr. Kenneth Y. Kaneshiro Eiichi Kuwana Duncan MacNaughton Kathy M. Matsui Wayne K. Minami
A. Catherine Ngo James C. Polk Chet A. Richardson Jean E. Rolles Scott C. Rolles Crystal K. Rose
Dustin E. Sellers Dustin M. Shindo Nathan E. Smith Peter K. Tomozawa James Wei Eric K. Yeaman

Chair: Christopher J. Benjamin *Chair Emeriti:* Samuel A. Cooke (co-founder; chair 1980-1991),
Herbert C. Cornuelle (co-founder), Bill D. Mills (1991-1995), Jeffrey N. Watanabe (1995-2004),
David C. Cole (2004-2008), Duncan MacNaughton (2008-2011), Kenton T. Eldridge (2011-2014)