

JAN 27 2021

A BILL FOR AN ACT

RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF
HAWAII.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the research
2 corporation of the University of Hawaii (research corporation)
3 is a state agency attached to the University of Hawaii for
4 administrative purposes. The research corporation was
5 established by the legislature in 1965 to assist the University
6 of Hawaii in hiring employees and procuring goods and services
7 in a rapid and efficient manner to timely facilitate the
8 University of Hawaii's extramurally funded research and training
9 grants and contracts. In order to provide this responsiveness
10 and flexibility, the legislature exempted the research
11 corporation from certain state personnel and procurement laws,
12 which would otherwise undermine the University of Hawaii's
13 competitiveness among research universities.

14 The legislature further finds that the University of
15 Hawaii's faculty are the stewards of the extramural funds and
16 are responsible for the technical work under the grants and



1 contracts and day-to-day management of the projects. The
2 research corporation does not receive any state general funds,
3 but instead its operations are funded through the assessment of
4 a service fee to process personnel and procurement transactions.
5 Currently, the research corporation charges the University of
6 Hawaii certain management fees for programs based on an agreed
7 upon formula. These programs include the University of Hawaii's
8 extramural programs, which make up the largest portion of the
9 research corporation's business, followed by the University of
10 Hawaii's intramural programs, revolving fund account, and direct
11 projects.

12 The legislature further finds that the growth in the
13 operating costs has impacted the service fee for the University
14 of Hawaii's extramurally funded grants and contracts. Although
15 the research corporation is administratively attached to the
16 University of Hawaii, the University of Hawaii has no authority
17 or control over the research corporation's operating costs,
18 which have grown over the past five years. The legislature
19 further finds that it is important to set a limit on the amount
20 that the research corporation charges the University of Hawaii
21 for its management fees and other related support services.



1 Accordingly, it is the purpose of this Act to place a cap
2 on all management fees and support services charged to the
3 University of Hawaii by the research corporation.

4 SECTION 2. Section 304A-112, Hawaii Revised Statutes, is
5 amended to read as follows:

6 " [†] §304A-112 [†] **Contracts for services provided by the**
7 **research corporation of the University of Hawaii.** (a)
8 Notwithstanding any law to the contrary, when the university
9 determines that neither the university nor another state agency
10 can more effectively or efficiently accomplish the purposes of
11 the sponsored research and training activities, the university
12 shall contract with the research corporation of the University
13 of Hawaii established under section [†] 304A-3001 [†] to provide
14 management and other services as described in subsection (b) to
15 support the university's research and training activities.
16 Contracts by the university with the research corporation
17 pursuant to this section shall be limited to sponsored research
18 and training projects; except that university projects supported
19 by funds appropriated by the legislature may also be contracted
20 to the research corporation pursuant to rules adopted by the
21 board of regents.



1 (b) Management and other support services provided by the
2 research corporation pursuant to this section may include:

- 3 (1) The procurement of goods and services;
- 4 (2) Employment of personnel; and
- 5 (3) The provision of advance funding for research and
6 training contracts and grants[-];

7 provided that the total amount of fees charged by the research
8 corporation for management and support services shall not exceed
9 \$_____. These services may be provided by the corporation
10 to the university without regard to chapter 76, 78, 89, or 103D.

11 (c) A university contract to obtain management and other
12 services from the research corporation of the University of
13 Hawaii to support research and training as permitted under
14 subsections (a) and (b) shall not exceed \$_____ annually,
15 excluding in kind services. The university shall use funds only
16 from the research and training revolving fund established under
17 section 304A-2253 for such contracts. The fund ceiling and
18 source limitations of this subsection shall not apply to a
19 university contract with the research corporation of the
20 University of Hawaii for a university project expressly
21 authorized and supported by funds appropriated by the



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1 legislature and made pursuant to rules adopted by the board of
2 regents."

3 SECTION 3. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval.

6

INTRODUCED BY: *Amor Mercado R.*



S.B. NO. 1393

Report Title:

Research Corporation of the University of Hawaii; University of Hawaii; Cap on Management Fees

Description:

Places an unspecified cap on the management fees the research corporation of the University of Hawaii charges the University of Hawaii to support research and training.

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