

STAND. COM. REP. NO.

1305

Honolulu, Hawaii

MAR 30 2021

RE: S.R. No. 148
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
S.R. No. 148 entitled:

"SENATE RESOLUTION REQUESTING THE UNIVERSITY OF HAWAII TO
CONVENE A TASK FORCE TO REVIEW ITS ARRANGEMENT FOR SERVICES
WITH THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII,"

begs leave to report as follows:

The purpose and intent of this measure is to request the
University of Hawaii (University) to convene a task force to
examine and assess the reasonableness, necessity, and feasibility
of each of the terms and conditions of its arrangement for
services with the Research Corporation of the University of Hawaii
(RCUH); determine whether amendments are warranted; and propose
amendments.

Your Committee received comments on this measure from the
University of Hawai'i System and Research Corporation of the
University of Hawai'i.

Your Committee finds that the University is the only system
of public education in Hawaii that is supported by state funds,
uses public land set aside for university purposes, and is
continually supported by other public resources. The RCUH is a
public instrumentality of the State that is a part of the
University, having the mission of supporting and enhancing
research, development, and training in Hawaii, with a focus on the



University. To carry out its purposes and objectives, the RCUH is granted flexibility in the hiring of its personnel and in the handling and disbursement of monies, by being excepted from various state laws, including the obligations to reimburse the state general fund for central service and administrative expenses; certain provisions of the Hawaii Public Procurement Code; Civil Service Law; law relating to public employment; and laws relating to collective bargaining in public employment.

When the University determines that neither it nor another state agency can more effectively or efficiently accomplish the purposes of sponsored research and training activities, it must contract with the RCUH to receive management and other services to support such research and training activities. The terms and conditions of the services provided by the RCUH to the University, including the factors and method by which fees charged by the RCUH are computed, are set forth in an agreement (Service Agreement) between the two parties.

Your Committee finds that concerns have been raised over the transparency of the RCUH's operations and its handling of expenses, as well as the increasing amount of fees it charges and collects from the University. Thus, your Committee believes that the task force created under this measure should not merely review, but also examine and assess the terms and conditions of the Service Agreement and propose amendments thereto to ensure that the fees committed and paid by the University to the RCUH are reasonable and commensurate with and balanced against the needs, priorities, and other demands placed on the University's limited resources.

Accordingly, your Committee has amended this measure by:

- (1) Amending its title in accordance with its amended purpose;
- (2) Inserting language explaining that when the University contracts out sponsored research and training activities to the RCUH, it retains portions of the extramural funds and grants it receives, as internal costs computed by using certain internal costs rates;



- (3) Amending the composition of the task force by including the Director of Finance of the RCUH and reducing the number of members representing the University from four to three;
- (4) Inserting as items requested to be included in the task force's report to the Legislature, the breakdown of the extramural funds and grants received by the University, including the amount of internal costs retained by the University, the formulae and rates used to compute the internal costs, and how the University spent the internal costs; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee concurs with the intent and purpose of S.R. No. 148, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 148, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Higher Education,



DONNA MERCADO KIM, Chair



