



STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON HEALTH AND HIGHER EDUCATION
ON
HOUSE BILL NO. 1297, H.D. 2, PROPOSED S.D. 1

March 23, 2021
3:15 p.m.
Room 220 and Videoconference

RELATING TO STATE FINANCES

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1297, H.D. 2, Proposed S.D. 1.

H.B. No. 1297, H.D. 2, Proposed S.D. 1, Part I, proposes to:

- Require each department to submit to the Legislature a special fund program measures report for each non-general fund account no later than October 1 annually.
- Require each department to submit a special fund cost element report for each non-general fund account no later than October 1 annually.

B&F has concerns with this bill. The computer systems currently used by the departments provide basic data but labor intensive, manual modifications will be necessary to meet the proposed requirements in the bill. This will mean devotion of scarce budget and fiscal staff time during the period when the Consolidated Annual Financial Report and the Executive Budget are being prepared.

The non-general fund reports use data from multiple sources and are manually entered by the Executive departments' budget and fiscal staff and reconciled by

departmental staff. Compiling and reporting the additional data for cost elements and measures of effectiveness for a special fund program measures report will require the Executive departments' budget and fiscal staff to input more data manually. In addition, breakdowns by cost elements for special funds are currently not available until the end of August annually, which may cause limitations on the ability for departments to meet the time constraints set by this measure.

Thank you for your consideration of our comments.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 03/23/2021

Time: 03:15 PM

Location: CR 229 & Videoconference

Committee: Senate Health
Senate Higher Education

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: HB 1297, HD2 RELATING TO STATE FINANCES.

Purpose of Bill: By October 1 of each year, requires each department to submit program measures, costs elements, and accounting reports for all non-general funds to the Legislature. Specifies that the cigarette tax revenues deposited to the credit of the cancer research special fund shall only be used for capital expenditures and only until 7/1/2041. Makes certain special funds subject to deductions for central service expenses into the general fund. Beginning 7/1/2021 transfers to the credit of the general fund surcharges and cigarette tax revenue allocated to the trauma systems special fund. (HD2)

Department's Position:

The Hawaii State Department of Education (Department) offers COMMENTS to HB 1297, HD2.

While the Department supports efforts to improve transparency in its reporting, including annual reporting to comply with Hawaii Revised Statutes (HRS) §37-47, the proposed additional reporting requirement's practicality, usefulness, and alignment with existing reporting requirements is unclear. What is clear is that there will be significant administrative burden to meaningfully and accurately comply with the proposed additional requirements and added risk of creating disjointed and confusing reports.

By way of history, the current format of the annual reports submitted pursuant to HRS §37-47 originated with the legislative fiscal committees. After multiple years and multiple variations, the current format was settled on to collect non-general fund

revenue and expenditure data determined at the time to be useful to inform fiscal decisions. The settled-upon format was then adopted by the Executive Branch for annual reporting. A similar collaborative and iterative process to develop a format that serves the data needs of legislative decision makers would likely be a more efficient and effective use of extremely limited administrative resources.

Section 1 of the bill adds a new section requiring all departments to submit additional non-general funds reports containing similar information already required by HRS §37-69 (The six-year program and financial plan) and §37-75 (Variance report). All state executive branch offices currently submit their information through the data systems hosted by the Department of Budget and Finance. This system allows the state to collect and distribute reports in an organized and efficient manner. The Department of Budget and Finance has developed a comprehensive process to communicate deadlines for reporting and a system of communications to all departments on deadlines and other submission instructions. Information collected is compiled into a single report which is presented to the Legislature each year thirty days prior to the start of the legislative session.

The annual submission date of October 1 in this section and in section 2 does not coincide with the Governor's budget submission dates to the Legislature which could lead to misinterpretations if the special funds were reviewed separately from the entire budget.

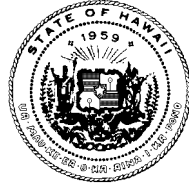
Additionally, as resources for state-level administration diminishes, increasing demands for more reports jeopardizes the accuracy of information being requested in a shorter time frame.

As introduced in this bill, Sections 3 and 4 would allow the deduction of five percent central service assessment of all receipts of all special funds and a percent of expenses for administrative overhead. In its current form (HD2), five special fund accounts residing in the Department are listed as exceptions. In the event removing Department funds from this list of exemptions is under consideration, the Department would point out that it is unclear as to what central services expenses are being incurred and what these services represent. The Department, in particular A+ and School Food Service programs, incur its own administrative expenses, which alleviates the need for central services and administrative overhead and makes this additional assessment unnecessary.

Thank you for the opportunity to provide testimony on this measure.

The Hawai'i State Department of Education is committed to delivering on our promises to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.

DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 22, 2021

TO: The Honorable Senator Jarett Keohokalole, Chair
Senate Committee on Health

The Honorable Senator Donna Mercado Kim, Chair
Senate Committee on Higher Education

FROM: Cathy Betts, Director

SUBJECT: **HB 1297 HD2 Proposed SD1 – RELATING TO STATE FINANCES.**

Hearing: March 23, 2021, 3:15 p.m.
Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) understands the intent of the measure, respectfully suggests the new reporting deadlines be extended a month or two as DHS regularly addresses matters required at the end of the federal fiscal year of September 30, and provides comments. However, DHS does not provide any comment regarding the new material in Part III.

DHS appreciates the amendments of the House Committee on Health, Human Services, and Homelessness,

(1) Restoring the exemption from the five percent deduction into the general fund for central services expenses for the:

- (A) Center for Nursing Special Fund;
- (B) Passenger Facility Charge Special Fund;
- (C) Hospital Sustainability Program Special Fund; and
- (D) Nursing Facility Sustainability Program Special Fund; and

- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

The House Committee on Finance further amended the measure by:

- (1) Requiring that by October 1 of each year, each department shall submit program measures, cost elements, and accounting reports for all non-general funds to the Legislature;
- (2) Providing that the State Educational Facilities Improvement Special Fund, Convention Center Enterprise Special Fund, Tourism Special Fund, Trauma System Special Fund, and Emergency Medical Services Special Fund shall be subject to the five percent deduction into the general fund for central service expenses;
- (3) Specifying that the cigarette tax revenues deposited to the credit of the Hawaii Cancer Research Special Fund shall only be used for capital expenditures and only until July 1, 2041;
- (4) Retaining the surcharges and cigarette tax revenue allocated to the Trauma Systems Special Fund and Community Health Centers Special Fund;
- (5) Retaining the Community Health Centers Special Fund and Emergency Medical Services Special Fund;
- (6) Removing the blank appropriation to the Department of Health for operating expenses; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

PURPOSE: The purposes of the bill are Part I - By October 1 of each year, requires each department to submit program measures, costs elements, and accounting reports for all non-general funds to the Legislature. Specifies that the cigarette tax revenues deposited to the credit of the cancer research special fund shall only be used for capital expenditures and only until 7/1/2041. Part II - Makes certain special funds subject to deductions for central service expenses into the general fund. Beginning 7/1/2021 transfers to the credit of the general fund surcharges and cigarette tax revenue allocated to the trauma systems special fund. Part III - Requires the cancer research center of Hawaii to be affiliated with the John A. Burns school of medicine with direct lines of reporting to the provost of University of Hawaii at Manoa and the dean of John A. Burns school of medicine. Requires funds expended from the tuition and fees special fund for the John A. Burns school of medicine or cancer research center of Hawaii to be used for educational purposes only. Requires funds expended from the research and training

revolving fund for the John A. Burns school of medicine and cancer research center of Hawaii to be used for research and research-related purposes only. Effective 7/1/2050. (Proposed SD1)

DHS recognizes the large State budget shortfall due to pandemic conditions, and the Legislature's intent to address the shortfall and improve the use of non-general fund balances. Regarding the new annual reporting deadlines of October 1, (page 1, line 6; and page 2, line 4) DHS respectfully suggests that the reporting dates be delayed a month or two, as agencies with federal funds are often addressing programmatic deadlines at the end of the federal fiscal year of September 30. With limited administrative, budget, and fiscal staff resources focused on the end of the federal fiscal year, DHS anticipates it may face delays in timely meeting these new reporting deadlines. Additionally, the Spouse and Child Abuse Special Fund is required by section 346-7.5(d), Hawaii Revised Statutes, to submit a similar annual report twenty-days prior to the start of the Legislature.

DHS appreciates the HD1 restoration of the central services exemption for the hospital sustainability program and nursing facility sustainability program special funds as the exemptions will allow the State to continue to maximize the amount of federal funds match that provides needed support to hospitals and nursing facilities, as well as additional funds for the Medicaid program.

Both the hospital and the nursing facility sustainability programs work by assessing a fee on private hospitals and nursing facilities. These fees are deposited into distinct special funds for each program administered by DHS. The money in the special funds is then primarily used as Hawaii's match to draw down additional federal Medicaid dollars that is paid back to hospitals and nursing facilities to help make up for low Medicaid reimbursements.

These sustainability program funds are also used to support the operations of the Medicaid program – which reduces the Medicaid program's State general fund need. Of note, no State general revenues are used, and the additional federal match dollars are generated using only the private dollars from participating hospitals and nursing facilities.

Both sustainability programs codified at sections 346-F and 346-G, Hawaii Revised Statutes, define the allowable uses of the fund, and outline that if the dollars are used for

March 22, 2021

Page 4

anything other than supporting the program then the program will become invalid and all of the benefits to the providers, Med-QUEST, and the State will go away.

Thank you for the opportunity to provide comments.

DAVID Y. IGE
GOVERNOR

JOSH GREEN M.D.
LT. GOVERNOR



ISAAC W. CHOY
DIRECTOR OF TAXATION

STATE OF HAWAII
DEPARTMENT OF TAXATION
P.O. BOX 259
HONOLULU, HAWAII 96809
PHONE NO: (808) 587-1540
FAX NO: (808) 587-1560

To: The Honorable Jarrett Keohokalole, Chair;
The Honorable Rosalyn H. Baker, Vice Chair;
and Members of the Senate Committee on Health

The Honorable Donna Mercado Kim, Chair;
The Honorable Michelle N. Kidani, Vice Chair;
and Members of the Senate Committee on Higher Education

From: Isaac W. Choy, Director
Department of Taxation

Date: March 23, 2021
Time: 3:15 P.M.
Place: Via Video Conference, State Capitol

Re: H.B. 1297, Proposed S.D. 1, Relating to State Finances

The Department of Taxation (Department) offers the following comments regarding H.B. 1297, Proposed S.D. 1, for your consideration. This measure has a defective effective date of July 1, 2050.

Sections 1 and 2 of Proposed S.D. 1, requires an annual report to the Legislature no later than October 1 for each non-general fund account specifying its objectives and cost element in details. The Department notes, that as required by Act 134, Session Laws of Hawaii 2009 (Act 134), it submits an annual report to the Legislature regarding the objectives and cost elements of the Tax Administration Special Fund (TASF). Revenue generated by the Special Enforcement Section (SES) is deposited into the TASF and SES operational costs are funded by the TASF. As such, the Department is able to comply with the requirements of Sections 1 and 2 as currently written.

Section 3 of Proposed S.D. 1, eliminates the exemptions from the requirement under Hawaii Revised Statutes (HRS) section 36-27 that five percent of all special fund receipts be deposited in the general fund to defray the costs of central services for certain funds. The Department notes that, under current law, the Cigarette Tax Stamp Administrative Special Fund (CTSASF) and TASF are both subject to five percent deduction under HRS section 36-27.

Section 4 of Proposed S.D. 1, eliminates the exception for certain special funds under HRS section 36-30 that requires the Department of Budget and Finance to deduct an amount to

offset the costs of administering the special fund based on expenses paid from the special fund. The Department notes, that under current law, the CTSASF and TASF are subject to the deduction under HRS section 36-20.

Section 5 of Proposed S.D. 1 amends the disposition of cigarette and tobacco tax revenue collected under HRS chapter 245 to stop the allocations to Hawaii cancer research special fund and emergency medical services special fund as of June 30, 2021. The Department is able to effectuate the changes required by Section 5 of H.B. 1297, Proposed S.D. 1, as currently written.

Thank you for the opportunity to provide testimony on this measure.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Health
and

Senate Committee on Higher Education
March 23, 2021 at 3:15 p.m.

by

David Lassner
President

Michael Bruno
Provost

University of Hawai'i

University of Hawai'i at Mānoa

HB 1297 HD2 Proposed SD1 – RELATING TO STATE FINANCES

Chair Keohokalole and Kim, Vice Chairs Baker and Kidani, and members of the Committees:

Thank you for this opportunity to provide testimony in strong opposition to Part III of HB 1297 HD2 Proposed SD1, which proposes to legislate several matters of internal structure and management within the University of Hawai'i (UH) relating to the UH Cancer Center (UHCC) and the John A. Burns School of Medicine (JABSOM).

This section would replace the judgment and decision of the Board of Regents, which established the Cancer Center in 1981 as a freestanding Organized Research Unit (ORU) of the University of Hawai'i at Mānoa, by imposing a structure created by the Legislature and by imposing new restrictions on the use of certain funds by both the UHCC and JABSOM.

We oppose this section for three reasons:

The UH Cancer Center is now an extraordinarily successful unit. The National Cancer Institute (NCI) of the National Institutes of Health has awarded formal cancer center designation to only 71 NCI-designated cancer centers in the nation and the UHCC. This is a critical designation for which we have worked diligently and in which the university and State have invested significant resources. The UHCC is not in need of a management "fix" by the Legislature that would tie the hands of the university from making future changes, perhaps even more sweeping than those proposed in this bill. Our External Advisory Board has noted (Attached) the importance of the current structure to achieving our success.

It is also not necessary to the desired synergies to single out the UH Cancer Center and JABSOM for a new legislative mandate that places new restrictions on these two units' uses of specific funds.

Third, while the Legislature has reserved to itself the right to legislate matters of statewide concern, it is neither appropriate nor necessary for the legislature to substitute its opinions on specific matters of internal structure and management for the reasoned views of the UH, which is ultimately responsible to maximize the ability of the Cancer Center to reduce the burden of cancer on the people of Hawai'i.

Success of the UHCC

Each year the University of Hawai'i Cancer Center is assessed by our External Advisory Committee (EAC), which is sometimes referred to as the External Advisory Board or EAB. The EAC is composed of a group of Cancer Center directors and leaders from around the country who visit each year to provide unbiased input and guidance to advance our program and help ensure our compliance with the NCI P30 guidelines.

The EAC could hardly have been more positive over these past years regarding the turnaround at the UH Cancer Center under the leadership of Dr. Randy Holcombe, our esteemed, accomplished and experienced Cancer Center director. I have appended the latest Executive Summary of their report to this testimony so that you can see just how well Dr. Holcombe and his team have addressed what were longstanding and widely recognized challenges. This report is from their 2020 visit and the verbal debriefing we received after their 2021 (virtual) visit was extremely positive as well.

The primary mission of the UH Cancer is distinct from that of JABSOM. A legislative "fix" such as proposed in this Bill would embed a legislatively developed structure in statute and likely tie the hands of the University and Board of Regents from making future structural changes, which might be even more sweeping than what is proposed in this legislation.

Achieving Synergies

It is important also to note that modern cancer research reaches across the entire University, including but not limited to our medical school. There are many opportunities for synergies at our Kaka'ako campus, and it is important also to note that modern cancer research reaches across the entire University. Major synergies and efficiencies have already been achieved through collaboration with JABSOM and other critical parts of UH.

It is notable that **26 full and associate members** of the Cancer Center are based in UH units other than the Cancer Center as are **21 collaborating members**.

Some specific academic examples of synergies and efficiencies include:

- Dean of JABSOM participates as a member of the Hawai'i Cancer Consortium which was created by UHCC and includes the CEOs and other representatives of the major hospital systems (Queens, HPH, Adventist Health Castle, Kuakini) and the UH President and UHM Provost to coordinate efforts in Hawai'i to reduce the burden of cancer and enhance the quality of cancer care for our state.

- UHCC moved ownership of the NMR (more than \$1M in value) to Chemistry to better support their work as their NMR was less capable and eventually non-functional. The NMR also remains housed in JABSOM.
- The R25 CREATE grant (\$1.3M) which is designed to give the undergraduate students summer instruction has PIs from both the UH Cancer Center (Maskarinec & Ramos) and the Department of Native Hawaiian Health at JABSOM (Kaholokula).
- UHCC has one of its Faculty (Ramos) working as multi-PI with JABSOM (Kaholokula & Gerschenson) and Engineering (Francis) PIs to submit a large Proposal called 'Akahi which is designed to provide funds to recruit Native Hawaiian and Pacific Islanders into Faculty positions across UH STEM programs and create a culture of Inclusive Excellence at UH Mānoa.
- Support of two First year Graduate students in JABSOM's Cell and Molecular Biology Program.
- Support of two graduate students per year in Public Health (School of Social Work) or Nutrition (CTAHR)
- JABSOM and UH Cancer Center share access and expenses of running the vivarium at Kaka'ako with members from both on its Space Allocation Committee.
- UHCC collaborated with Outreach College to create the highly successful and oversubscribed Clinical Research Professional Certificate Program in Fall 2020. This was an intense program taught by faculty from UHCC to fill the great need in Hawai'i of Clinical Research Associates to help run clinical research in the hospitals. Several have already obtained positions.
- UHCC works with hospitals in the Hawai'i Cancer Consortium to recruit much needed Cancer Specialists to Hawai'i. This includes providing a research/clinical trials outlet for them which is an expectation of these Clinicians.
- UHCC is working with Life Sciences to identify areas where its faculty can work to help teach undergraduates there in lecture formats (they already coordinate to identify students for research training).
- Joint faculty appointment with Nursing (July 1, 2018)
- Participation in the Colleges of Health Sciences which includes not only JABSOM but Nursing & Dental Hygiene, Social Work & Public Health, and Pharmacy (UH Hilo)
- All Cancer Biology faculty provide course direction and teaching in the JABSOM CMB department
- Cancer Center participation in JABSOM-created UHP faculty practice plan
- Support of Kaka'ako wide Genomics and Bioinformatics Shared Resource (joint venture between UH Cancer Center and JABSOM)
- Support of Chemical Biology Core leader, who is Chemistry faculty
- UH Cancer Center NMR facility is housed in JABSOM
- Cancer Center endowed chair awarded to a Chemistry faculty member
- JABSOM faculty member (Palafox) heads Cancer Center effort on a research partnership with Guam

- Cancer Center faculty participate in innumerable graduate committees for programs in other units, particularly Cell and Molecular Biology (JABSOM), Molecular Biosciences & Biotechnology (CTAHR), Public Health (Social Work)
- UH Cancer Center faculty participate as members of the JABSOM recruitment and curriculum committees for Cell and Molecular Biology
- Multiple UH Cancer Center clinically oriented faculty hold joint appointments in JABSOM (Medicine, OBGYN, Pediatrics, Pathology)
- UHCC and JABSOM merged phone systems to improve efficiencies
- UHCC and JABSOM share common area maintenance charges
- UHCC and JABSOM coordinate on achieving parking solutions for Kaka'ako campus
- Several of the large COBRE grants include UHCC faculty either currently or previously.
- Clinical Faculty at UHCC practice through the University Health Partners of Hawai'i Practice Plan.
- Cancer Center Director serves as chair of IFA search committee
- Standing meetings between Cancer Center and JABSOM administrative directors
- Cancer Center supports 2 months of salary for a JABSOM researcher
- Significant amount Cancer Center pilot research funds have been awarded to JABSOM faculty (>\$150,000 over the last 3 years)
- Nomination of JABSOM faculty researchers for grant mechanisms restricted to Cancer Centers
- UHCC Director serves as a Board member of University Health Partners
- UHCC Director serves as a Steering Committee Member Ola Hawai'i
- UHCC Director serves as a Board member for the Hawai'i Journal of Health and Social Welfare with JABSOM, Nursing, Social Work, Pharmacy Schools
- UHCC member Morita serves as Contributing editor, Journal of Health and Social Welfare
- UHCC Director serves as Internal Advisory Committee member for Marla Berry-led COBRE project, Pacific Biosciences Research Center
- UHCC member Braun-Inglis holds a secondary appointment in School of Nursing, developing advance practice training program for cancer APPs with Assoc. Dean of Nursing Qureshi.
- UHCC and JABSOM Facilities/Admin collaborated on lease arrangement for Disney for Doogie Kamealoha
- UHCC has established 3 advisory boards to enhance collaborations in the community: Community Advisory Board, Patient Advocacy Committee, Native Hawaiian Cancer Research Advisory Board (Cathy has membership of each).
- UHCC member Shepherd collaborates actively with the Hawai'i Data Science Institute

We fully realize that our work to create and expand synergies in Kaka'ako is not complete. But it is clear that an ongoing effort to identify further synergies and

efficiencies in the areas of research, education, clinical practice and administration within Kaka'ako, and potentially with other health sciences programs beyond, does not require the legislative imposition of a specific structural change that would then require further legislation if we are to continue to evolve.

University Governance

Article X, Section 6 of the Constitution of the State of Hawai'i charges the Regents with "exclusive jurisdiction over the internal structure, management, and operation of the university," with the legislature reserving to itself laws of statewide concern. Imposing this change in internal structure and management via statute, with disregard for the university's consultative shared governance and management processes, would overrule the judgments of those who are responsible for the internal structure and management of the university under the Constitution. These are the entities and processes responsible for making decisions that will lessen the burden of cancer on the people of Hawai'i.

At a more detailed level Part III of this bill: (1) creates a new appointment process outside Board of Regents policy that is inconsistent with the Board of Regents policy utilized for all other executive appointments across the UH system; and (2) creates a new organizational construct called "administratively affiliated" that is not defined but is clearly intended to create a form of subservient relationship for the Cancer Center relative to JABSOM; and (3) mandates a new and ambiguous dual reporting structure to implement that subservience.

We also oppose the language in the proposed SD1 that would create a set of new restrictions on both the UH Cancer Center and JABSOM regarding the allowable use of two specific of funds. The University of Hawai'i has worked over the past 25 years to manage itself using multiple sources of funding provided by the state as well as funds generated internally by our own efforts. Some of these types of funding are more fungible than others, but our ability to use funds flexibly under HRS and Executive direction today has helped us cope with the State appropriating a shrinking portion of state general funds to public higher education over the last several decades. Creating major new restrictions on two significant sources of funds for two UH Mānoa campus units (only) will create additional administrative burdens as we work to support the vital work of these two units, which are critical to improving the health of the people of Hawai'i.

We urge that the legislature not overstep the spirit of the Constitution to legislate the internal structure and management of the university. It is neither prudent nor necessary.

We strongly oppose this section and ask that it be deferred.

ATTACHMENT

January 31, 2020

Randall F. Holcombe, MD, MBA
Director, University of Hawaii Cancer Center
701 Ilalo Street
Suite 600
Honolulu, HI 96813
rholcombe@cc.hawaii.edu



Dear Dr. Holcombe

Thank you for hosting the External Advisory Board during our recent visit to the University of Hawaii Cancer Center (UHCC). It was exciting to see the continued progress taking place at UHCC under your leadership. We will be sending you a detailed report on our recommendations concerning the various aspects of your center with a focus on performance and compliance with the NCI P30 guidelines. This letter is an executive summary that focuses on the larger issues that go beyond the details of NCI guidelines. Feel free to share this summary with others as you see fit.

First, and most importantly, we would like to comment on the remarkable progress that you, your colleagues, and University and community leaders have made over the past year. The morale and esprit de corps of UHCC members and staff are stronger than they have been for a very long time. The new faculty you have recruited to the University of Hawaii over the past two years are top tier and are already making significant contributions including obtaining funding, publishing and assuming leadership roles within the UHCC. The presentations they gave during our visit were dynamic and scientifically exciting. Bringing such quality new talent to the UHCC is key to your continued scientific success, will strengthen the base of your research programs, and will contribute economic and educational value to the University, Hawaii, and the people of Hawaii in general.

The development of an early phase clinical trial capability in Hawaii has been a topic of discussion during EAB meetings for over a decade. It is exciting to see the progress you have made over the past year including obtaining a construction grant from the NIH, securing state support, and moving forward with plans for both building the unit physically, and recruiting the talent needed to make it work. In addition, the work that you have done to secure the collaboration of your clinical partners in the Hawaii Cancer Consortium for this endeavor is exceptional. This effort should remain a top priority as it will provide the people of Hawaii with access to Phase 1 clinical trials, that is the newest cancer treatments, at a time when cancer care is advancing at a remarkable rate. It also has great potential to serve as a hub for "medical tourism" for the entire Pacific rim. Given the diversity of your patient population, we are confident big pharma and small biotech will seek out your participation in their most promising early phase trials; the resultant enhanced reputation for clinical research will benefit both the Cancer Center and all of the HCC clinical partners.

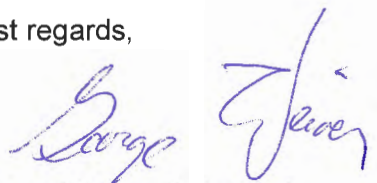
Equally impressive is the progress you and your colleagues have made in strengthening the Hawai'i Cancer Consortium. UHCC's leadership in this consortium will help the participating health systems recruit top flight oncology clinicians who see the value of clinical trials and the research that underpins them. UHCC's oversight over all oncology clinical research activity within the HCC, and the broader clinical trials network, is an outstanding example of the value-added of an NCI-designated cancer center to its home state and the benefits that can accrue to affiliated clinical partners.

UHCC is a national leader in population-based research. Particular strengths include the Multiethnic Cohort (MEC) that has led the way in helping the cancer research community explore the relationship across race and ethnicity of genetics and environment in cancer risk and the NCORP that enrolls patients from across Hawaii on NCI trials. Your basic research scientists are also making major contributions and bringing external research funding to Hawaii at a time when getting such funding at the national level is incredibly competitive.

The unique structure of UHCC, in essence a hybrid of a "matrix" center within a University and a "free-standing" center with defined authority, has been a key to the Cancer Center's success. This has enabled you as Director to expand membership in the HCC, forge new community alliances, and strategically recruit faculty researchers who support your efforts to conduct cancer research with particular relevance to your unique population. This type of authority speaks directly to NCI's expectations of a cancer center director. The structure your institution has put in place, with you reporting to the Provost and working closely with the University President, is vital for your continued success and continued NCI designation.

Once again, congratulations on your ongoing success. We look forward to seeing the future contributions being made by the UHCC to the health and welfare of the people of Hawaii.

Best regards,



George Weiner, MD, Chair
Holden Comprehensive Cancer Center, University of Iowa
On behalf of the External Advisory Board Members



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Health
and the

Senate Committee on Higher Education
March 23, 2021 at 3:15 p.m.

by

Kalbert K. Young

Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

HB 1297 HD2 Proposed SD1 – RELATING TO STATE FINANCES

Chairs Keohokalole and Kim, Vice Chairs Baker and Kidani, and members of the Committees:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) opposes the Proposed Senate Draft 1 of House Bill No. 1297 House Draft 2, Relating to State Finances. The UH is agreeable with Parts I and II of the bill, but has serious concerns about Part III.

Part I of the proposed SD1 would add reporting requirements for special funds to Chapter 37, Hawai'i Revised Statutes. Part II of the proposed SD1 would eliminate the exemption from the central services assessment for several funds and add a sunset date of July 1, 2041 to the disposition of cigarette tax revenues to the Hawai'i Cancer Research Special Fund. As currently drafted, UH is agreeable with these Parts.

Part III of the proposed SD1 would place the UH Cancer Center under the jurisdiction of the John A. Burns School of Medicine (JABSOM) and restrict the use of the Tuition and Fees Special Fund (TFSF) and Research and Training Revolving Fund (RTRF) by JABSOM and the Cancer Center.

The Cancer Center has significantly improved operations in recent years under new leadership and we see no reason to make organizational changes at this point in time. Additionally, the restriction of the use of TFSF and RTRF funds that are generated by the UH for UH operations would appear to run counter to Article X, Section 6 of the Constitution of the State of Hawai'i, which provides the Board of Regents with "exclusive jurisdiction over the internal structure, management, and operation of the university." For additional information, we respectfully refer you to the testimony provided by President Lassner and Provost Bruno that was also submitted to the Committees.

Thank you for this opportunity to testify.



American Cancer Society
Cancer Action Network
2370 Nuʻuanu Avenue
Honolulu, HI 96817
808.432.9139
www.fightcancer.org

Senate Committee on Health
Senator Jarrett Keohokalole, Chair
Senator Rosalyn Baker, Vice Chair

Senate Committee on Higher Education
Senator Donna Mercado Kim, Chair
Senator Michelle Kidani, Vice Chair

Hearing: March 23, 2021

ACS CAN STRONGLY OPPOSES HB1297 SD1 Proposed: Relating to State Finances

Cynthia Au, Interim Government Relations Director – Hawaii Pacific
American Cancer Society Cancer Action Network

The American Cancer Society Cancer Action Network (ACS CAN), the nonprofit, non-partisan advocacy affiliate of the American Cancer Society advocates for public policies that reduce death and suffering from cancer. ACS CAN works with federal, state, and local government bodies to support evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem which means building strong public health infrastructure including investing in cancer research. ACS CAN STRONGLY OPPOSES HB1297 SD1 Proposed.

Cancer is the second leading cause of death in Hawaii with 2,500 deaths each year.¹ Limiting the use of the cancer research special fund impacts the University of Hawaii's Cancer Center's operations needed to be able to do the research to save the lives of the people of Hawaii and the Pacific Islands.

The UH Cancer Center is one of 71 research organizations in the U.S. designated by the National Cancer Institute (NCI) and the only one in the Hawaii Pacific region.² Its mission is to reduce the burden of cancer through research, education, patient care and community outreach with an emphasis on the unique ethnic, cultural and environmental characteristics of Hawaii and the Pacific.

¹ CDC. Updated February 10, 2021 https://www.cdc.gov/nchs/pressroom/sosmap/cancer_mortality/cancer.htm

² University of Hawaii Cancer Center <https://www.uhcancercenter.org/50years>

The UH Cancer Center NCI Cancer Centers Program was created as part of the National Cancer Act of 1971 and is one of the anchors of the nation's cancer research effort. Through this program, NCI recognizes centers around the country that meet rigorous standards for transdisciplinary, state-of-the-art research focused on developing new and better approaches to preventing, diagnosing, and treating cancer.³ As an NCI designated research center, the UH Cancer Center receives between \$15 to \$20 million in extramural funding from research grants. This outside funding supports research for more treatments to improve cancer patients' quality of life.

The UH Cancer Center is vital to lifesaving medical treatments for cancer patients and for the quality of life of cancer survivors. If we are serious about fighting death and disease, please reconsider limiting the use of Hawaii's cancer research fund. Thank you for the opportunity to oppose this measure.

³ NCI <https://www.cancer.gov/research/infrastructure/cancer-centers>

Date: March 23, 2021

To: The Honorable Senator Jarrett Keohokalole, Chair
The Honorable Senator Rosalyn Baker, Vice Chair
Members of the Senate Committee on Health

The Honorable Senator Donna Mercado Kim, Chair
The Honorable Senator Michelle N. Kidani, Vice Chair
Members of the Senate Committee on Higher Education

Re: Opposition of HB 1297 HD2 Proposed SD1: RELATING TO STATE FINANCES

Hrg: Tuesday, March 23, 2021 at 3:15pm at Capitol Room 229

Position: Opposition

Chairs, Vice Chairs, and joint committee members,

My name is Chandra Quinlan from Waipahu, 96797. I thank you for the opportunity to submit testimony in **OPPOSITION** to **HB 1297 HD2 Proposed SD1**. Cancer is the second leading cause of death in Hawaii with 2,500 deaths each year. Supporting cancer research ensures the continued progress in the fight against cancer. Limiting the use of the cancer research special fund impacts the University of Hawaii's Cancer Center's operations needed to be able to do the research to save the lives of the people of Hawaii and the Pacific Islands.

I volunteer with the American Cancer Society Cancer Action Network. I am also a 7-year breast cancer survivor who has benefitted immensely from treatments and therapies derived from research and clinical trials conducted at cancer centers like that at the University of Hawaii. In 2009, my friend and fellow breast cancer survivor Mariana, participated in the Oncotype DX clinical trial conducted in part at UHCC. In 2014, using the Oncotype DX Genomic test developed from those clinical trials, my tumor was tested to determine my 10-year risk of recurrence, which ultimately informed my decision to have chemotherapy.

We have the only National Cancer Institute-designated Cancer Center in Hawaii and the Pacific where access to clinical trials and the latest research findings can be game-changers for so many Hawaii-residents diagnosed with cancer each year, especially those for whom traditional treatments are no longer options. Please do not reduce the use of the cancer research special fund.

Mahalo for the opportunity to submit testimony.

Date: March 23, 2021

To: The Honorable Senator Jarrett Keohokalole, Chair
The Honorable Senator Rosalyn Baker, Vice Chair
Members of the Senate Committee on Health

The Honorable Senator Donna Mercado Kim, Chair
The Honorable Senator Michelle N. Kidani, Vice Chair
Members of the Senate Committee on Higher Education

Re: Opposition of HB 1297 HD2 Proposed SD1: RELATING TO STATE FINANCES

Hrg: Tuesday, March 23, 2021 at 3:15pm at Capitol Room 229

Position: Opposition

Chairs, Vice Chairs, and joint committee members,

My name is Jennifer Hausler from Pearl City, HI 96782 and I thank you for the opportunity to submit testimony in OPPOSITION to HB 1297 HD2 Proposed SD1. Cancer is the second leading cause of death in Hawaii with 2,500 deaths each year and supporting cancer research ensures the continued progress in the fight against cancer. Limiting the use of the cancer research special fund impacts the University of Hawaii's Cancer Center's operations needed to be able to do the research to save the lives of the people of Hawaii and the Pacific Islands.

I volunteer with the American Cancer Society Cancer Action Network and one reason is because two of my husbands passed away from cancer, along with a beloved sister. So much has been accomplished by UH's Cancer Center during these past years but continued research funds will hopefully wipe out cancer in the future so none of your loved ones will ever have to hear "you have cancer".

Mahalo for the opportunity to submit testimony.

Jennifer Hausler
1429 Kuloko Street
Pearl City, HI 96782
Ph. 808 455 3242

Date: March 23, 2021

To: The Honorable Senator Jarrett Keohokalole, Chair
The Honorable Senator Rosalyn Baker, Vice Chair
Members of the Senate Committee on Health

The Honorable Senator Donna Mercado Kim, Chair
The Honorable Senator Michelle N. Kidani, Vice Chair
Members of the Senate Committee on Higher Education

Re: Opposition of HB 1297 HD2 Proposed SD1: RELATING TO STATE FINANCES

Hrg: Tuesday, March 23, 2021 at 3:15pm at Capitol Room 229

Position: Opposition

Chairs, Vice Chairs, and joint committee members,

Aloha, my name is Tyler Kamisato from Mililani, HI, 96789. Thank you for the opportunity to submit testimony in strong opposition to HB1297 which would limit the use of the Hawaii Cancer Research Fund to pay for the UH Cancer Building only and would no longer be able to cover building operations including utilities.

I volunteer with the American Cancer Society: Cancer Action Network and I have lost too many relatives to cancer. In 2016, my grandma was diagnosed with breast cancer and unfortunately she passed a year later. This was one of the first big deaths in my family and it really came out of nowhere. I had two uncles who passed away from two different cancers when I was around the age of five. I strongly believe that the research being done at the UH Manoa Cancer Center is resulting in more survivors here in Hawaii.

Cancer is the second leading cause of death in Hawaii with 2,500 deaths each year.¹⁰ Continual funding of University of Hawaii (UH) Cancer Center in Hawaii ensures the continued progress in the fight against cancer. The UH Cancer Center is one of 71 research organizations in the U.S. designated by the National Cancer Institute (NCI) and the only one in the Hawaii Pacific region.¹¹ Its mission is to reduce the burden of cancer through research, education, patient care and community outreach with an emphasis on the unique ethnic, cultural and environmental characteristics of Hawaii and the Pacific.

The UH Cancer Center NCI Cancer Centers Program was created as part of the National Cancer Act of 1971 and is one of the anchors of the nation's cancer research effort. Through this program, NCI recognizes centers around the country that meet rigorous standards for transdisciplinary, state-of-the-art research focused on developing new and better approaches

to preventing, diagnosing, and treating cancer.¹² As an NCI designated research center, the UH Cancer Center receives between \$15 to \$20 million in extramural funding from research grants. This outside funding supports research for more treatments to improve cancer patients' quality of life.

Preserving the Hawaii Cancer Research Special Fund which helps to fund UH Cancer Center building-related operations is vital to life saving medical treatments for cancer patients and for the quality of life of cancer survivors. The elimination of the special fund would significantly impair the ability of the UH Cancer Center to function and would jeopardize the operations of the cancer center and the 50 years of progress in cancer research benefiting the people of Hawaii.

I strongly urge you to hold this bill..
Mahalo for the opportunity to submit testimony.

Sincerely,
Tyler Kamisato
Mililani, 96789

Date: March 23, 2021

To: The Honorable Senator Jarrett Keohokalole, Chair
The Honorable Senator Rosalyn Baker, Vice Chair
Members of the Senate Committee on Health

The Honorable Senator Donna Mercado Kim, Chair
The Honorable Senator Michelle N. Kidani, Vice Chair
Members of the Senate Committee on Higher Education

Re: Opposition of HB 1297 HD2 Proposed SD1: RELATING TO STATE FINANCES

Hrg: Tuesday, March 23, 2021 at 3:15pm at Capitol Room 229

Position: **Opposition**

Chairs, Vice Chairs, and joint committee members,

My name is Cheryl K. Okuma from Wailuku, Maui 96793. I thank you for the opportunity to submit testimony in **OPPOSITION** to **HB 1297 HD2 Proposed SD1**. Cancer is the second leading cause of death in Hawaii with 2,500 deaths each year.¹ Supporting cancer research ensures the continued progress in the fight against cancer. Limiting the use of the cancer research special fund impacts the University of Hawaii's Cancer Center's operations needed to be able to do the research to save the lives of the people of Hawaii and the Pacific Islands.

I volunteer with the American Cancer Society Cancer Action Network and am a breast cancer survivor. I have family and friends who have also had their personal journey with cancer which has impacted not only their lives, but also affected loved ones surrounding them. Cancer research and the strides in medicine gives us hope in improving cancer treatment and our quality of life, and as such the UH Cancer Center is absolutely vital in our fight against cancer.

Mahalo for the opportunity to submit testimony.



Cheryl K. Okuma



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

David Y. Ige
Governor

John De Fries
President and Chief Executive Officer

Statement of
JOHN DE FRIES

Hawai'i Tourism Authority
before the
SENATE COMMITTEE ON HEALTH
SENATE COMMITTEE ON HIGHER EDUCATION

Tuesday, March 23, 2021
3:15 PM
State Capitol, Conference Room #229
via videoconference

In consideration of
HOUSE BILL NO. 1297 HD2, PROPOSED SD1
RELATING TO STATE FINANCES

Chairs Keohokālole and Kim, Vice Chairs Baker and Kidani, and members of the Senate Committees on Health and Higher Education: the Hawai'i Tourism Authority (HTA) **opposes** House Bill 1297 HD2, Proposed SD1, which requires each department to submit program measures, costs elements, and accounting reports for all non-general funds to the Legislature. It also makes certain special funds subject to deductions for central service expenses into the general fund. We oppose this measure for the following reasons:

- HTA has substantial work ahead in supporting the economic recovery from the COVID-19 pandemic through the revitalization of the tourism industry. Since April 26, 2020 HTA has not received any funding from the Transient Accommodations Tax (TAT) after the governor suspended disbursements in his Sixth Supplementary Emergency Proclamation for COVID-19. We don't anticipate receiving any funds through the end of fiscal year 2021.
- HTA reduced its FY20 budget from \$86.7 million to \$40.9 million in FY21, which amounted to a 53% reduction or \$45.8 million year-over-year. These reductions are substantial and the requirement to deduct 5% and transfer it to the general fund, as proposed in this bill, would mean an additional \$4,775,000 reduction in available funds for HTA to operate and will hamper HTA's efforts to support the economic recovery of Hawai'i.

- The bill as currently drafted may create uncertainty on whether revenue collected by the Hawai'i Convention Center and remitted to the Convention Center Enterprise Special Fund (CCESF) would be subject to the 5% central services charge. Such revenues collected by HCC are critical to fund its operations and applying the service charge would further increase the HCC's operating loss.
- HTA's annual allocation of \$79 million to the Tourism Special Fund (TSF) and \$16.5 million to the CCESF are essential. These two special funds support the HTA in its mission to strategically manage Hawai'i tourism in a sustainable manner consistent with economic goals, cultural values, preservation of natural resources, community desires and visitor industry needs.
- This work across our four pillars means that for every dollar the state invests in HTA through the TSF and CCESF the state receives back more than twenty times what it invests in state tax revenues generated by tourism to support the myriad of needs the Legislature responds to each year. Every dollar will be critical to assist with the economic recovery of Hawai'i.
- The \$4,775,000 charge is significantly disparate as compared to the actual cost for services used by the HTA. Additionally, the Convention Center is a separate operation and does not utilize DAGS central services as part of its operation. Utilities, building repairs and maintenance, janitorial and other services are covered under the existing management contract for the center.
- The central services utilized by HTA and HCC include those provided by the Department of Budget and Finance (treasury management and wire payment), the Department of Accounting and General Services (payroll, payments, contracts, pre-auditing, accounting, risk management, motor pool, construction via public works, etc.), and the Department of Human Resources Development (HR processing and guidance). We agree that HTA should pay for the services utilized; however, the 5% charge that this bill requires is significantly greater than the limited services that are being used.

Visitor arrivals to the state are crucial to reducing Hawai'i's unemployment rate of 9.3%, the highest in the country according to the January State Employment and Unemployment Summary report issued by the U.S. Bureau of Labor Statistics. Every 48 visitors to the state represent one job supported by the tourism sector. Competition for visitors post-COVID-19 will be even more fierce than ever before. Every tourism destination will be competing for the same high-value avid travelers that Hawai'i is targeting. The Department of Business, Economic Development and Tourism (DBEDT) is forecasting 5.5 million visitors in 2021 and 8.3 million in 2022. According to the Council on Revenue's projections presented on January 1, 2021, the TAT generated is estimated to be \$198 million in FY21, \$378 million in FY22, and \$458 million in FY23.

It is for these reasons that HTA **opposes** HB1297 HD2, Proposed SD1. We appreciate this opportunity to provide testimony, and I will be available to answer any questions.

Tuesday, March 23, 2021 3:15 pm
Via Video Conference

Senate Committee on Health

To: Senator Jarrett Keohokalole, Chair
Senator Rosalyn Baker, Vice Chair

To: Senator Donna Mercado Kim, Chair
Senator Michelle Kidani, Vice Chair

From: Michael Robinson
Vice President, Government Relations & Community Affairs

**Re: Comments on HB 1297, HD2, and Proposed SD1
Relating to State Funds**

My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

HPH writes to provide **comments** on HB 1297, HD2 and Proposed SD1 which, among other things, makes the trauma special fund subject to a 5% surcharge as well as deductions for central service expenses. The measure also proposes to transfer to the general fund the surcharges and cigarette tax revenue allocated to the trauma system special fund as of July 1, 2021.

We appreciate the amendments to the bill in excluding the hospital sustainability fund from the 5% surcharge, however, we remain concerned with the potential impact that would result to patient safety by decreasing the amount of money in the trauma system special fund and on the sustainability of the trauma system in the State. Without the revenue from the surcharges and cigarette tax, general funds will be needed to support the State's trauma system.

The trauma special fund was created in order to provide funds to support the continuing development and operation of a comprehensive statewide trauma system to ensure the availability of care for trauma patients. A reduction in the amount of funds available to support trauma care will have a significant negative impact on hospitals' abilities to provide care for patients whose injuries require immediate attention and intervention to prevent further complications or death.

Hawai'i's trauma system is a cooperative network of nine trauma centers (including Tripler Medical Center), critical access hospitals and aeromedical services. The funding and development of the state trauma system allows the health care systems of the state to overcome

its unique geographical challenges and to coordinate services, resources and transports across our unique island chain to serve the community. The trauma centers of this state collaborate closely to overcome its unique geographical challenges, spanning nearly 300 miles, with individual counties separated by miles of open water and isolated by over 2000 miles from the mainland. The trauma centers and aeromedical partners work collaboratively to expedite transfers and deliver efficient care to Hawai'i's community, and the loss of trauma funds would be a great disservice to the community of Hawai'i.

The State trauma funds have been used collectively by Hawai'i's hospitals and individual health care systems to create a unified, collaborative state system which affords an injured individual the highest probability of survival and return to their pre-injury quality of life. The State of Hawai'i's Trauma System Plan has saved countless lives and returned loved-ones to their families as well as improved outcomes in decreasing the burden of disability for innumerable numbers of people across the state – visitors and kama'aina alike.

Impact upon Pediatric Trauma Care: Kapi'olani Medical Center's Level III Pediatric Trauma Program

Kapi'olani serves approximately 200 infant and children trauma patients annually. The needs of pediatric patients suffering from a traumatic injury differ greatly from those of adult trauma patients. Monies from the trauma system special fund help subsidize trauma program costs which are necessary to ensure quality and ideally reduce the number of trauma cases.

The COVID-19 pandemic and statewide surge plan which went into effect in August, 2019 resulted in the diversion of all pediatric trauma cases from the state's Level I Trauma Center to Kapi'olani. This brought high acuity severely injured children to our center that would have normally not been brought initially to our center, and has required additional training, education, implementation of new process and enhancement of our surgical supplies/equipment.

As the state's only designated Pediatric Trauma Center, the elimination of funding of our program would leave a service gap for the injured children in the state of Hawai'i. Traumatic injury remains the leading cause of death and disability in children in Hawai'i as well as across the nation. The loss of program funding will leave a service gap to Hawai'i's most vulnerable population.

Impact upon O'ahu Level III Trauma Care: Pali Momi's Level III Trauma Program:

Pali Momi Medical Center provides care for more than 400 trauma patients per year and is the only Level III Trauma Center serving Central and West Oahu. Funds from the Trauma special funds is used to help subsidize trauma program costs. The trauma funds do not cover the entire trauma program costs which are necessary to ensure quality and ideally reduce the number of trauma cases.

A loss or reduction in the amount of trauma funding Pali Momi receives would severely hamper the hospital's ability to treat trauma patients, particularly those patients suffering from trauma related injuries in Central and West Oahu. In the absence of Pali Momi, the only other trauma center accepting patients is situated at Queen's Medical Center, necessitating a farther distance to travel before appropriate care can be administered to the patient. With trauma cases, immediate treatment can make a difference in how well a patient recovers from the injuries sustained.

Impact upon Kauai: Wilcox Medical Center's Level III Trauma Program

The island community relies on Wilcox to provide trauma care. A reduction or loss of trauma funding would be devastating to the level of services Wilcox delivers to the residents of Kauai. As the largest medical facility on Kauai, Wilcox plays a crucial role in providing high quality health care for the entire island of Kauai. At Wilcox these funds help subsidize trauma program costs. The trauma funds do not cover the entire trauma program costs which are necessary to ensure quality and ideally reduce the number of trauma cases. As the only trauma center on the island of Kauai, Wilcox is a vital link in providing prompt assessment, resuscitation, emergency surgery, and stabilization as well as arranging for transfer to a facility that has additional resources not available on Kauai if necessary. In 2020, Wilcox treated 417 trauma patients; in 2019, 437 trauma patients were treated, and in 2018, 341 trauma patients were treated.

Wilcox was the first American College of Surgeons-verified Level III Trauma Center in the state of Hawai'i. Through the trauma program, Wilcox has been able to achieve improvement in our hospital's response to trauma cases and expediting workup on a level comparable to the requirements of the American College of Surgeons Committee on Trauma (ACS-COT). In addition, given our complex geography, having status as a Level III Trauma Center has allowed Wilcox to provide leadership in improving the transfer process. This is evidenced by decreased transfer times on Wilcox's trauma quality improvement program report.

Thank you for the opportunity to provide these comments.

Dear Chairs Kim and Keohokalole and Vice Chairs Kidani and Baker, and Members of the Committees:

I am providing personal testimony as a Professor in the UH Cancer Center to voice my **OPPOSITION to HB1297 HD2 proposed SD1**, which would affiliate the UH Cancer Center with the John A. Burns School of Medicine (JABSOM) with its Director reporting to both the Provost and the Dean and also limit use of the Hawai'i Cancer Research Special Fund to capital expenditures.

In my roles at the Cancer Center over the years as Cancer Biology Program Leader, Associate Director of Administration and currently as Deputy Director, I have written large sections of our last two UH Cancer Center National Cancer Institute (NCI) Designation renewals, attend the annual National Cancer Center Meetings, sit on site visit teams to review other Cancer Centers for the NCI Designation, and review biomedical research and training grants at every level for the National Institutes of Health (NIH). I therefore know the requirements of the NCI Designation thoroughly.

My foremost concern here is that the language in this bill **will greatly endanger the renewal of NCI Designation** by affecting Institutional/State support and the authority of the Director. These are two very important areas that are taken into account when we apply to renew the designation every 5 years and are key differentiators that help us rise above competitors.

First, I want to thank you for all the support the legislature has provided the UH Cancer Center over the years. Your support continues to be a very important reason we have been able to renew the National Cancer Institute (NCI) designation since obtaining it in 1996. As you know, NCI Designation is highly desired and competitive with only 71 Cancer Centers across the US having earned it. States that don't currently have a NCI Designated Center are fighting to get one (see Arkansas for example). Once lost it can be extraordinarily difficult to recover. With the designation comes millions in direct and associated funding for our work for the people of Hawaii to reduce the burden of cancer through research, patient care, education, and community outreach. The NCI review at our last renewal noted the following about **your** commitment:

*"Institutional Commitment is rated outstanding...**The University of Hawai'i and the State** are fully committed to ensuring the success of the UHCC as the only cancer education and clinical research center. The UHCC receives strong institutional commitments in space and faculty tenure slots, and benefits from a wide array of financial streams at significant levels. State commitments are notable."* - NCI review Summary Statement 2018

Thank you! As you see your support matters a lot to our continuing NCI Designation.

Part II of this bill which limits use of the Hawai'i Cancer Research Special Fund to capital expenditures (paying the bonds on the building) will limit our ability to pay for the associated research and operations of the building. The original Act 316 in 2006 that created the Hawaii Cancer Research Special Fund states the purpose and intent of the 2006 legislature as follows: *"The moneys in the special fund shall be used by the University of Hawaii for the cancer research center of Hawaii's research and operating expenses."* In 2008, the term "and capital expenditures" was appended to this sentence to read *"The moneys in the special fund shall be used by the University of Hawaii for the cancer research center of Hawaii's **research and operating expenses and capital expenditures**"* via Act 084." The language in HB 1297 will change that in damaging ways as we would no longer be able to pay for building associated

research and operating expenses. Note our twice-yearly public reports on how these funds are spent which are publicly available to you.

The Director currently has authority over administration, finances, hiring/tenure decisions, and space allocation within the Cancer Center. This was also essential to renewal and is a key differentiator overall for us from cancer centers in other states. I quote from the review comments for the NCI Designation grant for this criteria:

“Center Director is rated as outstanding merit. Dr. Holcombe has complete authority over all resources at the Center, which includes research space, faculty recruitment and appointment of members, and all Cancer Center revenue and all financial matters. His direct control and authority over the entire cancer programs at the Center and shared resources as well as clinical trials infrastructure ensures that the Center remains mission focused. The impact of the new center director is palpable and there is confidence that under his leadership the Center will continue to address its challenges and create opportunities to reach its strategic goals. Dr. Holcombe is highly qualified for this position.” And “Under Dr. Holcombe’s outstanding leadership, the center has reinvigorated its focus on the study of cancer in diverse racial and ethnic populations, especially addressing cancer problems in Hawai’i and the Pacific. Many structural, organizational, and cultural changes needed attention upon Dr. Holcombe’s appointment as Director, and in a relatively short period of time Dr. Holcombe has made substantive progress to establish a vision for the center and advance scientific objectives. The Director’s time commitment devoted to managing the scientific and administrative activities is appropriate, with the majority of his effort directed exclusively to cancer center administration. Dr. Holcombe has harnessed resources and authorities to advance the research mission of the center. Dr. Holcombe in his role as Director, Cancer Center reports to the Vice Chancellor of Research and has authority equivalent to a Dean, and has used this authority to successfully recruit new faculty in a short period of time.”- NCI review Summary Statement 2018

Note that our score on the last renewal in 2018 was better than what we received on the prior one indicating our progress.

Finally, as noted by NCI above and in other testimony from faculty, things have improved significantly in the five years since the reports referenced in this bill. Dr. Holcombe recently (3/18/2021) updated the Board of Regents on the specifics and they are publicly available.

In the **five years since** Dean Hedges Business plan and associated Warbird report in 2016 the Cancer Center hired a new Director (Dr. Holcombe) and under his leadership we have accomplished the following:

- Our operational budget is balanced (and we re-budgeted this year for loss of the Governor’s funds)
- UH refinanced the revenue bonds last October at an overall savings for the state (details available from Kalbert Young)
- We renewed NCI designation in 2018 with an improved score
- All new faculty are extramurally funded, and all letters of hire include an expectation that new faculty will cover at least 25% of their salary from extramural sources. (Our tenure-track faculty overall currently bring in roughly 25% of their salary from extramural funds)
- We regularly review internal departments and faculty and have released unproductive faculty and reduced administrative and staff positions over the last 4 years.

- There are also many new synergies between JABSOM and UH Cancer Center such as combined telecom, joint grants, joint teaching, coordinated parking, joint genomics core, and others.

Please also reference the substantial testimony in opposition to SB589 SD1 and other versions of that bill which has been appended as Part III of HB1297 HD2 here.

For the reasons above I am **OPPOSED to HB1297 HD2 proposed SD1**. It is an attempt to solve a problem that does not exist and will instead endanger our NCI Designation and cause many negative consequences to both the UH Cancer Center and JABSOM. It will diminish the ability of the Cancer Center to continue to do the good work it does for cancer patients and the people of Hawai'i.

Thank you for this opportunity to share this information.

Joe W. Ramos, PhD
Professor and Deputy Director
UH Cancer Center
B.H. and Alice C. Beams Endowed Professor in Cancer Research
John A. Burns School of Medicine

The Senate Committee on Health and Senate Committee on Higher Education

March 22, 2021

3:15 pm, Conference Room 229

RE: HB 1297 HD2 SD1 Proposed, Relating to State Finances

Attention: Chair Jarrett Keohokalole, Vice Chair Rosalyn H. Baker, Chair Donna Mercado Kim, Vice Chair Michelle N. Kidani and members of the Committees

I write to express my **extreme opposition** to HB 1297 HD2 SD1 Proposed, particularly **Part II Section 5** which redefines how cigarette tax proceeds deposited in the Hawai'i Cancer Research Special Fund may be expended, as well as **Part III**, which redefines the University of Hawai'i (UH) Cancer Center as an Organized Research Unit (ORU) within the administrative and management purview of John A. Burns School of Medicine (JABSOM).

Regarding Part II, Section 5, Hawai'i Cancer Research Special Fund expenditure restrictions, Act 316 in 2006 created the Hawai'i Cancer Research Special Fund and stated the purpose and intent of the 2006 legislature: "The moneys in the special fund shall be used by the University of Hawaii for the cancer research center of Hawaii's research and operating expenses." In 2008, the term "and capital expenditures" was appended to this sentence via Act 084. Several hearings have occurred over the past year in which statements have been made that the original intent of the fund was to only pay for bond debt service on the building.

The original intent of the Hawai'i Cancer Research Special Fund, as mentioned, was to support the "research and operations" of the Cancer Center. In fact, it was only at the time the bonds were issued in 2010 that this revenue source was used to secure the issuance of revenue bonds which made possible the building the Cancer Center structure in Kaka'ako. It was important that Act 84 was passed so that the cigarette tax proceeds would support construction of the Cancer Center building in Kaka'ako, which began in 2010 and was completed in 2012.

The original bonds issued in 2010 for the construction totaled \$130 million, and had a series of maturity dates, with the final bond maturing in 2040 (30 years from issuance). UH re-issued these bonds in October 2020 in order to remove the restriction afforded to public revenue bonds which disallowed rental of space within the building to non-public entities. The timing of this reissuance also took advantage of lower interest rates, and despite not having the benefit of federal interest subsidies that had been available with the 2010 bond issue, some debt service savings is accomplished with the re-issuance. This savings is needed, as the cigarette tax is indeed dwindling, at a rate of ~4% per year. The Cancer Center has been charged to balance the operating budget after many years of more than \$5 million in operating deficits prior to the current Director's tenure. This has been accomplished through increased efficiencies, targeted cuts and strategic investments in programs. Bonds were re-issued to account for the dwindling revenue as well as to remove bond lease. The re-issued bonds continue to have a series of maturity dates, allowing even annual debt service over the original life of the bonds (until 2040).

The Cancer Center (UH) submits to the legislature, biannual reports on the revenues and expenditures for the Cancer Research Special Fund, providing full transparency on the use of these funds as well as to provide legislators updates on the financial stability of the Cancer Center accomplished since hiring Dr. Holcombe as director. In fiscal year 2020, the Cancer Research Special Fund received \$12.7 million from cigarette tax revenue in FY 2020. Bond expense in FY 2020 was ~\$8 million, while building maintenance and operations exceeded \$6 million, for a total in excess of \$14 million, for which the Cancer Research Special Fund revenue, at \$12.7 million, was not sufficient to support.

I am also opposed to sunsetting the transfer of cigarette tax proceeds to the Hawai'i Cancer Research Special Fund, coincident to the debt service maturity. Surely operations and the important research infrastructure will continue beyond that date, and the state would want to continue its support for its only NCI-designated cancer research facility in the Pacific. As stated above, fewer cigarettes are being consumed, which is a good thing for the health of the people of Hawai'i, but this has also caused tobacco tax collections to decrease for the Cancer Research Special Fund. In addition to the higher price of cigarettes, we believe the Cancer Center has played a role in tobacco cessation through research related to smoking as well as through outreach and cessation programs.

Regarding Part III, Sections 6 & 7, Cancer Center reorganization, this section contains the entirety of an earlier version of SB 589, which has already been heard in the House Committee on Health, Human Services, & Homelessness where further amendments have been made. Further amendments are likely to be made to SB 589 in future hearing. I would hope those amendments could be considered as part of this bill, but timing may not be in the bill's favor to wait for these. These amendments change the subject of HB 1297 beyond the scope of "Relating to State Finances."

Regarding the organization of the UH Cancer Center: I joined the UH Cancer Center as Associate Director for Administration in July, 2017, after having worked in cancer center administration for the previous 20 years, at the NCI-designated University of Virginia Cancer Center and more recently at the West Virginia University Cancer Institute, a center which is often referred to as an "emerging" cancer center with aspirations of becoming NCI-designated. Though I am acutely aware of the past history during some trying and tumultuous years for UH Cancer Center, I feel as though my perspective on the issue of reorganization, as proposed in this proposed bill, may be valuable to you as legislators.

Working together with JABSOM: First, the introduction of this language to this bill seems to be in response to issues long since put to rest regarding the UH Cancer Center and JABSOM working together toward a common goal of research (encompassing basic sciences, population sciences and clinical research), education, community outreach. From an administrator's point of view, the school and the center have a good working relationship, employing synergistic oversight of many of the functions necessary for the day-to-day operations of the Kaka'ako campus. Examples include combined strategies on parking, cooperating on campus security, sharing major purchases (e.g., land lease, utilities, telephone infrastructure, etc.), practice plan operations (together through University Health Partners), high level human resources collaboration, etc. The JABSOM CFO (Ms. Foster) and I have an excellent working relationship and meet regularly to maintain administrative cooperation and tackle common topics among our units. Reorganization as described in this legislation would not only be detrimental to the Cancer Center's status as an NCI-designated Cancer Center, but would not result in significant cost savings.

Reorganization effect on NCI-designation: As mentioned in many forums, NCI-designation is coveted honor conferred upon the university and the state. There is currently a total of 71 NCI-designated cancer centers, one of which is the UH Cancer Center. There are fourteen states in which there is no NCI-designated cancer center, yet each of those states have universities with cancer centers aspiring to become NCI-designated. It is a testament to UH and the state for supporting NCI-designation of cancer center for the past 25 years, and for 25 years prior since its inception, in 1971, as a resource for discovery and dissemination, given the ethnic diversity of Hawai'i's population, found at no other cancer center in the US. Loss of this designation would be a setback to the progress made in cancer research that applies directly to the people of Hawai'i.

Among the guidelines utilized in determining the eligibility for NCI-designation are what is termed "The Six Essential Characteristics of an NCI-designated Cancer Center." These include: Physical Space, Organizational Capabilities, Transdisciplinary Collaboration and Coordination, Cancer Focus, Institutional Commitment, and Center Director. A reorganization of the cancer center would create particular concerns regarding several of these Essential Characteristics.

Physical Space: The cancer center building is an excellent resource for the transdisciplinary research which occurs within the building and provides a launching point for the many collaborations that exist among cancer center members whose homes are with many schools and departments within the UH system, including JABSOM, as well as external to UH, including Hawai'i Pacific University and The Queen's Medical Center. A reorganization will be seen as dilution of the focus for cancer research within the physical space and remove the Cancer Center director from having authority over this space.

Organizational Capabilities: From the NCI guidelines of NCI designation in 2017: "[A Center] should take maximum advantage of the institution's cancer research capability...as well as an efficient and cost-effective administrative organization with clear lines of authority" A reorganization limit the Director's authority to oversee the administrative capabilities within the Center, which would be seen as a loss in this Essential Element and fail to meet the current guidelines for organizational capabilities.

Cancer Focus: A reorganization would dilute the effect of the current focus on cancer related topics among the cancer center members. While there are many cancer center members within JABSOM, the majority of JABSOM faculty do not perform cancer related research. As a matrix center the current organization allows for cancer focus to be achieved through collaborations with individuals in many schools and departments across the University—not just JABSOM. In this way, the Cancer Center is already "affiliated" with JABSOM, as well as other UH schools, and does not need legislation to make it so. This collaboration beyond JABSOM may be in jeopardy if a reorganization restricts collaboration through a silo-type organizational structure under a single school.

Institutional Commitment: This element will likely be one of the most affected of the Six Essential Elements, due to the significant structural changes that will occur. Rated as "Outstanding" in the 2017 competitive renewal review, commitment from the state, university and clinical partners was received well by the reviewers. A reorganization will be seen as lack of commitment, especially from the state, but also from the university, should the reorganization be allowed to take place. In addition, the funding from cigarette tax proceeds mentioned earlier, is a tangible sign of Institutional Commitment. A reduction of funding from this source will surely be seen as a reduction in Institutional Commitment.

Center Director: This is the most important element within the “Six” which will be affected by this proposed reorganization. The following is quoted from the afore mentioned NCI review:

The Center Director is rated outstanding. Dr. Holcombe has complete authority over all resources at the Center, which includes research space, faculty recruitment and appointment of members, and all Cancer Center revenue and all financial matters. His direct control and authority over the entire cancer programs at the Center and shared resources as well as clinical trials infrastructure ensures that the Center remains mission focused. The impact of the new center director is palpable and there is confidence that under his leadership the Center will continue to address its challenges and create opportunities to reach its strategic goals. Dr. Holcombe is highly qualified for this position.

Guidelines on the Center Director have recently changed to emphasize importance of the authority of the director. Authority must be seen as “superior to that of department chairs.” A reorganization will be seen as eliminating the director’s authority over the administrative functions of the Center, as all other ORU directors have.

Overall, the review of the Six Essential Elements will suffer in the next renewal, as a result of this reorganization, putting NCI-designation in jeopardy. There has been only one NCI-designated Cancer Center to lose its designation in the last 20 years, and that was University of Vermont. Their loss of NCI-designation was based precisely on the same issues the legislature is proposing—a reorganization that is not befitting to the established guidelines used for consideration of NCI-designation. NCI-designation brings with it the ability to apply for grants not available to other institutions. Moreover, this designation also lends credibility to the institutional resources necessary for research grants awarded by NCI, and more broadly, by NIH and other federal agencies. It is well known that 85% of all NCI extramural funding is awarded to the 71 NCI-designated Cancer Centers. The remaining ~1,000 cancer centers in the US seek the remaining 15% to support cancer research programs at their institutions. A reorganization and loss of NCI-designation will result in the UH Cancer Center being among the lower 15%.

Cancer Center Administrative Leadership: Cancer Center Administration, which I am privileged to lead over the past three and a half years, has made huge improvements to operations and management of the facility over the past years. In recognition of these efforts, this team, consisting of leaders in the areas of fiscal, communication, grants management, human resources, community outreach, facilities, information technology, compliance, clinical research operations, and philanthropy, was awarded the Governor’s 2019 State Team of the Year. The award declaration stated:

Your team, comprised of various administrative offices, invested valuable time and your combined talents to improve the efficiency and operational productivity of your individual units. This resulted in employee work satisfaction, cost savings, and achievement of key mission-based objectives. Your team helped revitalize the Cancer Center with robust community outreach to educate the public about cancer prevention, renewed an active collaboration with community organizations, and reinforced the need for cancer research. In addition, by employing a rigorous budget review process, your team reduced annual expenditures by over \$2 million.

A critical and defining moment occurred when the National Cancer Institute (NCI) recognized the unique contributions of the UH Cancer Center and rewarded your efforts by continuing the

NCI-designation. For Hawai'i, this means that family and friends will have access to cutting-edge cancer treatments and the highest quality of cancer care. Due to your extraordinary teamwork and tireless dedication, the UH Cancer Center has flourished as an academic unit and service organization.

A reorganization, frankly, belies this achievement and offers little incentive for a continued upward trajectory already in place.

In summary, HB1297 will be detrimental to the UH Cancer Center and to the people of Hawai'i. I therefore request that the legislature defer such measures that may be before you.

Sincerely,

Clifford C. Martin, MBA

Associate Director for Administration at the University of Hawai'i Cancer Center

Resident of Senate District 13

Individuals' Testimony AGAINST HB1297 HD2 proposed SD1

Submitted to the Senate Committees on Health (HTH) and Higher Education (HRE)

March 23, 2021

Dear HTH Committee Chair Keohokalole, Vice Chair Baker, and Member Senators Moriwiki, Fevella and Beunaventura and

Dear HRE Committee Chair Kim, Vice Chair Kidani, and Member Senators Keith-Agaran, Fevella and Wakai

We, the below listed faculty and staff members of the UH Cancer Center, are submitting this testimony to document our **strong OPPOSITION to HB1297 HD2 Proposed SD1**, which proposes to affiliate the currently freestanding Organized Research Unit of UH Manoa for cancer research (UH Cancer Center) with the UH John A Burns School of Medicine (JABSOM), with the Cancer Center Director reporting to both the UH Manoa Provost and the Dean of JABSOM, and limit use of the Hawaii cancer research special fund to capital expenditures.

We provide our item-by-item responses to the bill in the following pages.

Unhee Lim

Lenora Loo

Kevin Cassel

Pallav Pokhrel

Adrian Franke

Muller Fabbri

Yurii Shvetsov

Tad Herzog

Gertraud Maskarinec

Erin Bantum

Joe Ramos

Brenda Hernandez

Michelle Matter

Maarit Tiirikainen

Crissy Terawaki Kawamoto

Lynne Wilkens

Carol Boushey

Christine Farrar

Melissa Merritt

Lang Wu

Loïc Le Marchand

Peiwen Fei

Elizabeth Kuioka

Annette Lum-Jones

Lani Park
Song-Yi Park
Namrata Gurung
Sharon Shigemasa
Kornelia Szauter
Phillip Lau
Lisa Toguchi
Kami White
Kim Yonemori
Hui-Hsing Chua-Chiaco
Stacy Mercado
Eugene Okiyama
Paula Higuchi
Christian Caberto
Lani Vasquez

John Shepherd
Rachel Taketa
Jami Fukui
Cliff Martin
Gail Ichida
Wileen Mau
Anne Tome
En Liu
Michelle Kau
Kathleen Plaza
Patti Corrales
Hazel Rems
Yun Oh Jung
Brandon Quon

We have highlighted key problematic parts of the bill, in particular in PART III, and provide our specific responses below each item.

PART III

SECTION 6. The University of Hawaii cancer center (UH cancer center) reduces the burden of cancer through research, education, patient care, and community outreach. The UH cancer center is the only National Cancer Institute (NCI)-designated cancer center in Hawaii and the Pacific region. UH cancer center is a member of the Hawaii Cancer Consortium along with five hospital groups and the University of Hawaii's John A. Burns school of medicine (JABSOM).

JABSOM educates and trains health care professionals,...
The public funds and other resources...

It is in the public's interest that State resources be efficiently and effectively managed to optimize the public benefits. Just as co-locating the physical facilities for JABSOM and UH cancer center on adjoining sites in Kakaako promotes synergistic efforts, the legislature determines that it is a statewide concern to ensure that the management of public resources provided to JABSOM and UH cancer center be integrated, coordinated, and focused on common priorities to avoid unnecessary duplication of administrative expenses or conflicting priorities.

- We do not understand the term “conflicting priorities”. As stated above, “The UH Cancer Center reduces the burden of cancer through research, education, patient care and community outreach” as its core mission. This core mission should and has

- set the strategic priorities of the UH Cancer Center. Any modifications in the management and state resource deployment that diminish the UH Cancer Center's capacity to carry out the core mission will be *against* the core mission. What are the specific examples of "unnecessary duplication of administrative expenses"?
- Senator Kim introduced SB 589 (and the same bill last year SB 2575), which is the original form of the current bill in discussion, based on misinformation that the UH Cancer Center Director has not cooperated with JABSOM leadership to make the Kaka'ako campus operation efficient. Senator Kim repeatedly brought up this allegation at hearings last year and this year without evidence. Not only is this allegation completely false, it is unacceptable for legislators to implement a bill based on one-sided and unsubstantiated allegations. If the allegation were true, it would have been nearly impossible to accomplish the number of operational integrations between the units in recent years. Also, Dr. Holcombe is broadly respected for his active collaborations with over several UH units and his strong support of the Cancer Center faculty's research and teaching collaborations with the JABSOM faculty.
 - The proposed restructuring will not save any costs. A previous review of the Cancer Center directed by the UH Administration concluded in 2016 that a merger would be critically detrimental and that integrations to save costs in overlapping operations could be achieved without a merger. Since then, most of the recommended integrations have been accomplished. As included in President Lassner and Provost Bruno's testimonies (to HRE, WAM, HHH), the list includes, but is not limited to: joint grants, joint class instruction and mentoring, joint graduate student assistantships, joint faculty recruitments and appointments, joint genomics core, cost sharing for the vivarium, combined telecom, coordinated security and building maintenance, and coordinated parking.

- The many problems at the UH Cancer Center between 2008 and 2016 started with undue external influences on the Cancer Center's leadership in 2008 and lasted for 8 years, causing not only millions of dollars in annual deficit but also >25 formal faculty grievances and compromised clinical and community services. We refuse to relive the history.
- UH must have autonomy from external influences in its internal structure and personnel management, as required by the WASC (Western Association of Schools and Colleges) accreditation standards, even when the institution is supported by the government.

Placing resources devoted to training and educating physicians and conducting cancer research in an integrated university organizational structure as opposed to stand-alone and duplicative organizations will foster a uniform strategic vision. Unified leadership will also allow better coordination with the University of Hawaii's private partners in the hospital community and with other state agencies.

The legislature finds that as a matter of statewide concern, the UH cancer center should be more closely affiliated with JABSOM and be administered as an organized research unit of JABSOM. Merging JABSOM and the UH cancer center's administrative services and infrastructure teams will offer efficiency by eliminating redundancy and sharing administrative expertise and experience to reduce processing delays.

- We have the strongest opposition on this point. This restructuring will critically jeopardize our ability to renew our NCI designation. Being moved "administratively" under JABSOM means losing the director's sole authority on the Cancer Center's budget, faculty lines and space. It also means a decrease of UH's

institutional commitment to the Cancer Center. With the amendment of a dual-reporting system, this still is the case and will translate into down grading of the Cancer Center's status and a worsened score for our renewal application that will be evaluated on six essential characteristics criteria, one of which is the director's independent authority.

- The NCI designation grant (P30) is highly competitive and reserved for the top 4% of all cancer centers in the country. As one of smallest of the ~70 NCI-designated cancer centers, the UH Cancer Center faces especially steep competition against other mainland cancer centers that have much more extensive infrastructure based on much greater financial resources. Every advantage that the UH Cancer Center has counts toward renewing the NCI designation successfully. In the latest review in 2018, the UH Cancer Center could renew the NCI designation because of the high scores received on the State and UH Administration support and on the Cancer Center Director's authority and performance. (Please see Dr. Ramos' testimony for more details.)
 - ***"Institutional Commitment is rated outstanding.* ...The University of Hawai'i and the State are fully committed to ensuring the success of the UHCC as the only cancer education and clinical research center. The UHCC receives strong institutional commitments in space and faculty tenure slots, and benefits from a wide array of financial streams at significant levels. State commitments are notable."**
 - ***"Center Director is rated as outstanding merit. Dr. Randall Holcombe is a strong Cancer Center Director who has had a transformative impact on the culture and direction of the UHCC. The scientific qualifications, administrative qualifications, and experience of Dr. Holcombe are valuable that [sic] provide a firm foundation for his service as cancer center director."* "Under Dr. Holcombe's outstanding leadership, the center has reinvigorated its focus on the study of cancer in**

diverse racial and ethnic populations, especially addressing cancer problems in Hawai'i and the Pacific. Many structural, organizational, and cultural changes needed attention upon Dr. Holcombe's appointment as Director, and in a relatively short period of time Dr. Holcombe has made substantive progress to establish a vision for the center and advance scientific objectives." *"Dr. Holcombe in his role as Director, ... has authority equivalent to a Dean, and has used this authority to successfully recruit new faculty in a short period of time."*

- For cancer patients in Hawaii, not having an NCI designation will mean losing access to novel investigational cancer treatments that are only available through clinical trials at NCI-designated cancer center.
- Not having an NCI designation will exclude the UH Cancer Center faculty from applying for many grants offered only to researchers at NCI-designated cancer centers, such as the U54-PIPCHE grant, and lead to a decrease in annual revenue by millions of dollars.
 - This partnership grant between the UH Cancer Center and the University of Guam has been successfully renewed uninterrupted since 2008, was renewed in 2020 for >\$14M over 5 years, and is a hallmark of the UH Cancer Center's accomplishments in reducing cancer health disparities in the Pacific, a key component of the mission of the UH Cancer Center that sets it apart from all other NCI-designated cancer centers.
- The NCI and NCI-appointed reviewers are keenly aware of the undue external influences that the UH Cancer Center has received in the past.
 - In 1983, NCI denied awarding the designation to the UH Cancer Center and cited "the lack of support from the UH, state and community". After that negative decision, it was not until 1996 that the UH Cancer Center regained its NCI designation.

- In 2018, NCI renewed the UH Cancer Center's NCI designation but again expressed concerns about the undue external influences on the Cancer Center and consequent instability in the prior years.
- A lay person's belief that mergers would lead to financial and operational efficiency often does not materialize, let alone when a merger involves highly specialized services for two units with very different primary missions as the UH Cancer Center and JABSOM. Forced merging of key operations did not work out well and led to significant financial losses in 2015-2016 under then Acting Director Hedges' management. Between December 2014 and summer of 2016, Dr. Hedges served both as the Dean of the Medical School and the Acting Director for the Cancer Center, during which time he attempted to fold the Cancer Center's fiscal office under JABSOM operations. This caused conflicts between the fiscal office staff who were specialized in completely different and complicated operations of research vs. instructional support and led to several skilled staffers' departure. Due to the fiscal dysfunction, some of our faculty members were unable to get reconciliations in a timely manner on their grant accounts and carried a substantial unobligated balance in error. NCI refused to award competitively scored grants to the UH Cancer Center totaling >\$2 million that year even after we provided explanations and corrections.
- There is not one testimony in support of the bill from the UH Cancer Center's scientific, clinical or community partners, whereas a number of testimonies, all in strong opposition, have been submitted to HRE, WAM and HHH.

The legislature notes that several outstanding medical schools at other universities integrate their cancer research programs closely with their medical schools. For example, the Washington University School of Medicine in St. Louis is the parent institution to the Siteman Cancer Center. The Siteman Cancer Center is designated as a comprehensive cancer center and

holds an "exceptional" rating from the NCI. The MD Anderson Cancer Center in Houston, Texas is a comprehensive cancer center and operates in close affiliation with the McGovern Medical School as part of the University of Texas Health Science Center at Houston.

- [The UH Cancer Center is vastly different from the anecdotal examples of NCI-designated cancer centers under their medical school. As listed in the White Paper, produced by the Cancer Center Task Force Committee in 2016 under then UH Manoa Interim Chancellor's direction, the majority of NCI-designated cancer centers are independent from their medical school/center in organization, allowing for the director's independent authority. A few centers within their medical school have a historical background of having evolved around the hospitals of their respective medical schools. JABSOM does not have a hospital.](#) From the beginning, the UH Cancer Center has been a freestanding research institute and has flourished under this organizational structure.
- The Washington University Siteman Cancer Center (WUSCC) is an example of a cancer care component of a well-established medical school-owned hospital (established in 1891) that has grown into a cancer center (in 1999) and into an NCI-designated cancer center (relatively recently in 2005, considering that the UH Cancer Center received its first NCI designation in 1980's and has maintained the designation since 1996). WUSCC growth within the Washington University School of Medicine was not only historically organic but no doubt has benefited substantially from the medical school's \$1.1B patient care revenue (out of the total \$2B revenue).
- The MD Anderson Cancer Center (MDACC) was established in 1941 with the Texas State legislature support that created a cancer care hospital. MDACC President, like the presidents of all other University of Texas Health Institutions

(medical schools), report directly to the UT System Chancellor. MDACC's annual revenue from patient care (i.e., its own hospital-based income) in a recent year was \$3.5B out of the total revenue of \$5.9B. MDACC has received \$1B in endowments and \$240M in annual donations.

- Thank you for the excellent examples of other medical institutions that demonstrate how much typical medical or cancer centers financially rely on patient care revenues: 55% for the Washington University School of Medicine and 59% for the MD Anderson Cancer Center. We would welcome the Hawaii State Legislature's support to create a hospital within the University of Hawaii.

The legislature also notes that from 2014 to 2016, the University of Hawaii developed business plans, hired consultants, and made presentations to its board of regents on the university's plans to integrate the University of Hawaii Kakaako health science campus and eliminate operational redundancies between JABSOM and the UH cancer center. Further, the University of Hawaii frequently groups different organized research units within a larger administrative structure. For example, the school of ocean and earth science and technology encompasses several outstanding research units, including the center for microbial oceanography: research and education and Hawaii institute of marine biology.

- As we have repeatedly provided facts in our previous testimonies to HRE, WAM and HHH, the UH Administration did not hire the external consultant (Warbird) that Senator Kim refers to in this paragraph. In clear conflict of interest, JABSOM Dean Jerris Hedges directed the Warbird review and completed the second part of the review himself, while serving as Acting Director of the UH Cancer Center and actively promoting the reorganization of the Cancer Center under JABSOM.

- The UH Administration directed two **other** reviews of the Cancer Center, headed by then UH Manoa Interim Chancellor Robert Bley-Vroman. First by a campus-wide Task Force and second by an internal Task Force at the Cancer Center. Neither of these reviews recommended reorganization of the Cancer Center under JABSOM. These reviews recommended streamlining the overlapping operations of the two units where the costs can be saved without jeopardizing their core missions.
- The first review by the campus-wide Task Force also strongly recommended a return to faculty shared governance at the UH Cancer Center.
- The second review concluded a merger would not lead to cost savings or increased efficiency and recommended specific ways to achieve efficiency in overlapping operations without detrimental organizational restructuring. Most of the recommended integrations has been accomplished since then.
- After considering all the internal and external reviews and many interviews of stakeholders (at the Cancer Center, its clinical and community partners, its NCI-appointed scientific advisors from other NCI-designated cancer centers), the UH Administration and Board of Regents resolved in 2016 to retain the Cancer Center as an independent Organized Research Unit under the UH Manoa Provost's supervision and hired Dr. Holcombe, who received overwhelming support of all stakeholders in/outside the Cancer Center.
- **It is now circa 2021, not 2016. One thing this bill completely fails to acknowledge is the hiring of the UH Cancer Center's current Director, Dr. Randall Holcombe, and his outstanding accomplishments since 2016.** Dr. Holcombe has obtained funding to begin construction of the new clinic for Phase 1 clinical trials this summer. Under Dr. Holcombe's leadership, our research, teaching, clinical trials and community outreach have recovered and greatly improved, according to the External Advisory Committee that annually reviews our performance on behalf of the NCI. Our faculty and staff morale is higher than ever, and the UH Administration, the Hawai'i Cancer

Consortium partner hospitals, and our community advocates and collaborators all rally behind Dr. Holcombe's leadership in unity to submit the renewal application in 2022 and successfully renew the NCI designation in 2023. The unwarranted annual attacks by the legislature on the UH Cancer Center and Dr. Holcombe's leadership are a distraction from our work and, if continued, could lead to a loss of excellent researchers.

- The example of the UH Center for Microbial Oceanography (C-MORE) under SOEST is irrelevant. C-MORE does not have a center designation grant that is contingent on a specific federal evaluation criterion, grading all applicants based on the director's sole and independent authority over financial, personnel and space decisions.

To maintain the NCI designation as a cancer center consistent with NCI guidelines, the **director of the UH cancer center** shall continue to have a direct line of reporting and accountability to the provost of the University of Hawaii at Manoa and **shall also have a dual reporting line to the dean of JABSOM**.

- As stated above, this restructuring will provide evidence to the NCI and NCI-appointed reviewers, who are already keenly aware of the past external influences and the negative consequences, that the State and UH support to the UH Cancer Center has been weakened and will lower our score in the highly competitive evaluation for the NCI designation renewal.

Accordingly, the purpose of this part is to require:

(1) The director of UH cancer center to be appointed by University of Hawaii's board of regents upon recommendation from the provost of the University of Hawaii at Manoa instead of the dean of JABSOM;

(2) **The UH cancer center to be administratively affiliated with JABSOM;**

(3) The director of UH cancer center to report to the provost of the University of Hawaii at Manoa and the dean of the school of medicine and coordinate with the president of the university;

- We absolutely oppose this. Last time external entities interfered with UH Cancer Center leadership, the events led to the great demise of the UH Cancer Center between 2008-2016. Many legislators are well aware of the many problems at the UH Cancer Center in recent past, which all started in 2008 with a leadership change arranged by external influences and continued through the interim period of 2015-2016 when Dean Hedges of the Medical School served also as Acting Director for the Cancer Center. The external consultant review referenced by HRE is a reflection of his inability to make the needed changes to improve the efficiency of the Cancer Center. We believe it would be highly problematic to return the UH Cancer Center to Dean Hedges' management, reversing all of the progress made by Dr. Holcombe and the current leadership over the last five years.
- Even without the critical requirement for NCI designation renewal, putting the UH Cancer Center under the financially challenged Medical School will risk both units' viability. This was broadly raised and accepted as a critical point to consider when Dean Hedges promoted reorganization of the UH Cancer Center under JABSOM in 2016. The financially unsustainable merger was not a good idea then and is a worse idea now

(4) Funds expended from or originating from the University of Hawaii tuition and fees special fund established by section 304A-2153, Hawaii Revised Statutes, for JABSOM or UH cancer center to be used for educational purposes only; and

- As the UH Administration has repeatedly addressed this point, there are many other units, including JABSOM, that receive fungible resource allocations from the UH Administration to make up for the decreased General fund support from the legislature over the years.

(5) Funds expended from or originating from the research and training revolving fund established by section 304A-2253, Hawaii Revised Statutes, for JABSOM or UH cancer center to be used for research and research-related purposes only.

- This statement does not differentiate the research revolving fund generated for the UH Cancer Center vs. JABSOM.

- For SECTION 7 and latter parts of the bill that repeat the above proposed items, we oppose them based on the reasons stated above.
- We also strongly oppose the proposed change in PART II, SECTION 5, regarding the Hawaii cancer **research** special fund [245-3(a)(11)], which would not allow for the “research and operating expenses” and only allow for “capital expenditures”. This proposed change goes against the original legislative intent to support the core mission activities (research, education, patient care, and community outreach) of the UH Cancer Center with this special fund. This bill does not provide any justification for the deviation from the original legislative intent.



The Committee on Health
and
The Committee on Higher Education
Tuesday, March 23, 2021
3:15 PM, Video Conference Room 229

RE: **HB 1297, HD2, PROPOSED SD1**

Attention: Chairs Jarrett Keohokalole and Donna Mercado Kim, Vice Chair Roslyn Baker and Michelle Kidani and Members of the Committee

The University of Hawaii Professional Assembly (UHPA) is **strongly opposed to the proposed SD1 ONLY.**

SD1 is an intrusion into the authority of the UH regents and faculty. It would statutorily mandate a reorganization of UH-Mānoa's lines of reporting and supervision of the UH Cancer Center. This would subject the University's internal structure and management -- properly a purely academic matter -- to statutory law.

Successful universities operate under a principle of shared governance, pursuant to which professionals in the affected field have significant input into matters that may be regarded as managerial. This bill not only tramples on the regents' managerial prerogatives, but those of the faculty, who, pursuant to tradition, constitution, statute, and contract, have a role in defining such items as academic organization.

To make matters worse, the unintended consequence of such a bill, should it be enacted, would threaten the federal funding that supports the UH Cancer Center. The NCI-designation (P30 grant) that has been strengthened under the current director, Dr. Randy Holcombe.

UHPA **strongly opposes** the passage of the **proposed SD1 ONLY.**

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Fern'.

Christian L. Fern
Executive Director
University of Hawaii Professional Assembly



HB1297 HD2 Special Fund for Services

COMMITTEE ON HEALTH:

- Sen. Jarrett Keohokalole, Chair; Sen. Rosalyn Baker, Vice Chair

COMMITTEE ON HIGHER EDUCATION

- Sen. Donna Mercado Kim, Chair; Sen. Michelle Kidani, Vice Chair

Tuesday, Mar. 23, 2021: 3:15: Videoconference

HSAC Opposes HB1297 Until Revised for Behavioral Health Services:

ALOHA CHAIR, VICE CHAIR AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization of over 30 substance use disorder and co-occurring mental health disorder treatment and prevention agencies.

The 5% Reductions would be hurtful for many health services, especially for health services including such services at Community Health Centers.

1. Would be harmful to services for behavioral health services, including services for the youth.
2. Would adversely impact hospital, nursing and Medicaid shortfall funds.

We appreciate the opportunity to provide testimony and are available for questions.



HO'OLA LĀHUI HAWAI'I
P.O. Box 3990; Līhu'e, Hawai'i
Phone: 808.240.0100 Fax: 808.246.9551

March 22, 2021

COMMITTEE ON HEALTH

Senator Jarrett Keohokalole, Chair
Senator Rosalyn H. Baker, Vice Chair

COMMITTEE ON HIGHER EDUCATION

Senator Donna Mercado Kim, Chair
Senator Michelle N. Kidani, Vice Chair

Tuesday, March 23, 2021; 3:15 pm.
State Capitol, Conference Room 329

Testimony in OPPOSITION to HB 1297, HD2

Ho'ola Lahui Hawaii (HLH) is the only Federally Qualified Health Center and Native Hawaiian Health Care System on Kauai. HLH is in **OPPOSITION** to eliminating the community health center special fund along with the emergency medical services fund.

These two funds are critical to support health centers and emergency medical services. Given that many people have lost their health coverage the community health center fund becomes even more important to the overall health of those recently left uninsured. The ability of health center to deliver services to uninsured would be greatly diminished causing increases in emergency room utilization and emergency medical services. The emergency medical services fund is vital to maintaining the backbone of emergency services. It is unfathomable to think of not having sufficient emergency support due to lack of funding.

These special funds were created due to a large unmet need. Eliminating these funds would have a devastating affect on services to those most in need. Balancing the budget while sacrificing important primary care services and cutting emergency services is unconscionable. Further, this will only increase costs in other parts of the healthcare service delivery system, jeopardizing those needed services.

Please do not take necessary funds from one program to support another program as the fallout from doing this will cause a major rift in the health care delivery system.

Respectfully

David Peters
Chief Executive Officer



Tuesday, March 23, 2021 3:15 pm

Via Video Conference

Senate Committee on Health

To: Senator Jarrett Keohokalole, Chair
Senator Rosalyn Baker, Vice Chair

To: Senator Donna Mercado Kim, Chair
Senator Michelle Kidani, Vice Chair

From: Jen Chahanovich
President & Chief Executive Officer

**Re: Comments on HB 1297, HD1 and Proposed SD1
Relating to State Funds**

My name is Jen Chahanovich and I am the chief executive officer of Wilcox Medical Center. Founded in 1938, Wilcox Medical Center is a not-for-profit hospital dedicated to providing the Kaua'i community with accessible, quality health care. Wilcox is the largest medical facility on Kaua'i and has been recognized as one of the nation's best small hospitals. With more than 200 physicians on staff, Wilcox Medical Center offers island residents and visitors expert diagnosis and treatment for more than 22 specialties. It is a state-of-the-art acute care facility with a full suite of services including emergency, OB/GYN, pediatrics, cardiology, gastroenterology, ophthalmology, pulmonology, nephrology, orthopedics, neurology, internal medicine, trauma, family practice, radiology, urology, otolaryngology and general surgery.

Wilcox writes to provide **comments** on HB 1297, HD1, and the Proposed SD1 which, among other things, makes the trauma special fund subject to a 5% surcharge as well as deductions for central service expenses. The measure also proposes to transfer to the general fund the surcharges and cigarette tax revenue allocated to the trauma system special fund as of July 1, 2021.

We appreciate the amendments to the bill in excluding the hospital sustainability fund from the 5% surcharge, however, we remain concerned with the potential impact that would result to patient safety by decreasing the amount of money in the trauma system special fund and on the sustainability of the trauma system in the State. Without the revenue from the surcharges and cigarette tax, general funds will be needed to support the State's trauma system to ensure the same level of care required to treat trauma patients.

Hawaii's trauma system is a cooperative network of nine trauma centers (including Tripler Medical Center), critical access hospitals and aeromedical services. The funding and

development of the state trauma system allows the health care systems of the state to overcome its unique geographical challenges and to coordinate services, resources and transports across our unique island chain to serve the community. The trauma centers of this state collaborate closely to overcome its unique geographical challenges, spanning nearly 300 miles, with individual counties separated by miles of open water and isolated by over 2000 miles from the Mainland. The trauma centers and aeromedical partners work collaboratively to expedite transfers and deliver efficient care to Hawai'i's community. The loss of trauma funds would be a great disservice to the community of Hawai'i.

Impact upon Kauai: Wilcox Medical Center's Level III Trauma Program

The island community relies on Wilcox to provide trauma care. A reduction or loss of trauma funding would be devastating to the level of services Wilcox delivers to the residents of Kauai. As the largest medical facility on Kauai, Wilcox plays a crucial role in providing high quality health care for the entire island of Kauai. At Wilcox these funds help subsidize trauma program costs. The trauma funds do not cover the entire trauma program costs which are necessary to ensure quality and ideally reduce the number of trauma cases. As the only trauma center on the island of Kauai, Wilcox is a vital link in providing prompt assessment, resuscitation, emergency surgery, and stabilization as well as arranging for transfer to a facility that has additional resources not available on Kauai if necessary. In 2020, Wilcox treated 417 trauma patients; in 2019, 437 trauma patients were treated, and in 2018, 341 trauma patients were treated.

Wilcox was the first American College of Surgeons-verified Level III Trauma Center in the state of Hawai'i. Through the trauma program, Wilcox has been able to achieve improvement in our hospital's response to trauma cases and expediting workup on a level comparable to the requirements of the American College of Surgeons Committee on Trauma (ACS-COT). In addition, given our complex geography, having status as a Level III Trauma Center has allowed Wilcox to provide leadership in improving the transfer process. This is evidenced by decreased transfer times on Wilcox's trauma quality improvement program report.

Thank you for the opportunity to provide comment on this measure.

Dear Members of the Senate HTH/HRE and House HTH:

I am writing as a concerned individual to voice my strong **OPPOSITION to HB1297 SD2 Proposed SD1** which would place the UH Cancer Center into the John A. Burns School of Medicine and would restrict the use of tobacco tax funds by UHCC.

My name is Loïc Le Marchand. I have been a faculty member at UHCC since 1987. I am a Professor (Researcher) and serve as the Center's Associate Director for Ethnic Diversity. I have been the Principal Investigator of multiple large grants, including the Multiethnic Cohort, an internationally-recognized epidemiologic study following 215,000 Hawai'i and California residents for cancer since 1993. This unique scientific resource, shared with many UH researchers and students, including some at JABSOM, has brought over \$150M to the University in federal grants. I have served on multiple expert panels for the National Cancer Institute (NCI) and have reviewed programs at several mainland cancer centers. I believe I am well familiar with the requirements for maintaining a NCI-designated cancer center in Hawai'i and what it brings in terms of health and economic benefits to our community.

I am testifying **AGAINST** Bill HB1297 SD2 Proposed SD1 as I strongly believe it would be disastrous for the Center and our progress in reducing the burden of cancer and other chronic diseases (diabetes, obesity, heart disease, etc.) in the state of Hawai'i. Moreover, it would not result in better management of the Kakaako campus, nor achieve any savings in state funds.

This bill constitutes an existential threat to the UH Cancer Center.

1. Being moved "administratively" under the Medical School means that the Center's Director would lose authority on budget, faculty hires and space. It also means a weakening of UH's institutional commitment to the Center. This will translate into a worsened score on the "Six Essential Characteristics" of cancer centers (see: <https://www.advarra.com/blog/six-characteristics-nci-designated-cancer-center/>) for the upcoming renewal of the UHCC's NCI designation. Even with maintaining a reporting line of the UHCC director to the Manoa Provost, this change will be viewed as a demotion of the Director and will make a strong negative impression on reviewers and the funding agency. The consequences are likely to be the loss of the NCI-designation for our Center. This will result in tens of \$M in lost grants and the departure of the most productive faculty. This bill will achieve no substantial saving and cause very substantial losses. NCI-designated cancer centers that are under a medical school envy the administrative independence of "free-standing" centers and the administrative status we currently have. A leadership that is experienced in cancer research and a structure that is able to quickly adapt and seize research opportunities are crucial to the success of a cancer center.
2. The Center is currently doing very well administratively and scientifically under Dr. Holcombe's directorship. There is no budget deficit; our grant awards are up; our translational work is bringing increasing benefits to our community; we are developing new initiatives that will significantly improve cancer care and cancer prevention in

Hawaii. We are on track to renew our NCI-designation as a Cancer Center in a year and a half.

3. Our current director has publically stated that he will leave if the Center is placed under the Medical School.
4. Even if the proposed change were to make administrative sense, which it does not, internal reorganizations are under the purview of the University, not that of the Legislature. President Lassner and Chancellor Bruno have stated that they were not supportive of such a change. There is no compelling reason for the Legislature to intervene.

There is no valid justification given for such an action.

1. As justification, the bill only refers, without being specific, to some expert evaluations completed over 5 years ago when Dean Hedges was acting Director of the UHCC. These reports were prepared by consultants who were not in the academic field and the conclusions were controversial.
2. The Legislature must use current information to draft new bills; not information from 2014-2016 as stated in the bill. This information can be obtained from the UH and UHCC leaderships if it has not been provided already.
3. We have been able to overcome past challenges under the current UHCC leadership and we would very much appreciate being given the chance to build on our current successes without interference. The troubled times that the Center went through several years ago and that spilled into the public arena mostly resulted from changes imposed on us from outside the University. We do not want to again go through this experience which almost caused the Center's demise. When we last renewed our NCI designation, in late 2016, under Dr. Holcombe's superb leadership, we were told by NCI that they funded us for three years instead of the usual five years because of "our past leadership issues" and "a past director that had no cancer research experience". Because of our progress under Dr. Holcombe, NCI has now extended our designation to a full 5 years.
4. In the past four years, we have substantially increased synergies between JABSOM and UH Cancer Center, where this was possible, such as combined telecom, joint grant applications, joint teaching, joint mentoring, parking coordination, joint research cores, etc. We continue to look for ways to improve efficiencies and coordination on the Kaka'ako campus.
5. If ORUs were to be consolidated under schools, JABSOM is not necessary the one that would make the most sense. UHCC faculty also teach in Public Health, Nutrition, Psychology, Life Sciences, etc.

The bill's requirement that the tuition and fees fund not be used for supporting research is misplaced and seems to result from several misunderstandings:

- 1) It is short-sighted to view research as separate from teaching, and vice versa. In practice, researchers (including at UHCC) also teach and most educators also do research. Importantly, both types of faculty are evaluated and promoted based on their accomplishments in three areas: teaching, research and service, not on teaching alone or on research alone. Moreover, research excellence attracts students to a university.
- 2) The Researcher faculty line that UH has is unique as it is not typically found in other universities. The great majority of UH researchers would hold the title of Professors if working at other universities. The title of Research Professor or Research Scientist more commonly found elsewhere do not correspond to our title of Researcher. Those are usually positions that are not tenurable and are typically given to support faculty.
- 3) As President Lassner explained to Senate HRE members, for historical reasons, neither of the two funds is explicitly used for a specific types of expenses; instead, they are used interchangeably at UH.

The restriction in the use of the tobacco tax funds received by the UHCC to capital expenditures will jeopardize the financial health of the UHCC. As proposed, the bill does not allow for the related facility costs which are an additional \$4.9M over the bonds payment in recent years. Unlike other units at Manoa, the Cancer Center has to pay for its utilities and maintenance costs.

For the reasons above I respectfully **OPPOSED HB1297 SD2 Proposed SD1**. With regard to UHCC, this bill is an attempt to solve a problem that doesn't exist and for reasons that were not explicitly presented. It will instead cause many negative unintended consequences that will lead to greater financial burden as grants are lost and costs of reorganization accrue. In my opinion, this bill would be disastrous for the Cancer Center and its tangible progress in reducing the burden of cancer in Hawai'i.

Thank you for the opportunity to voice my opposition.

Loïc Le Marchand, MD, PhD
Professor (Researcher), Epidemiology
Associate Director for Ethnic Diversity
UH Cancer Center

Dear Chairs Keohokalole and Kim, Vice Chairs Baker and Kidani, and Members of the Committees on Health and Higher Education:

I am writing to voice my **STRONG OPPOSITION to H.B. No. 1297 S.D. 1.**

As I have testified previously before the Senate, I have worked under four different directors during my 21 years as a member of the research staff at the UH Cancer Center. No doubt you are familiar with some of the negative press and warnings of impending doom that seemed to hover over everything we did, overshadowing our scientific accomplishments, for several years roughly a decade ago.

The proposed S.D. 1 of H.B. 1297 is clearly an attempt to reinsert concepts that failed to pass out of committee when S.B. 589 S.D. 2 had its first hearing in the House, during which language that had the Cancer Center Director reporting directly to the Provost and the Dean of JABSOM were changed such that the Director reported directly *only* to the Provost. Chair Yamane of HHH understood the need for the Cancer Center Director and the Dean of JABSOM to be on equal footing, at least in terms of reporting structure, if for no other reason than the Cancer Center being able to renew and maintain its esteemed National Cancer Institute designated status. NCI designation is awarded only to top-tier cancer centers in the U.S., and grants these elite centers access to funding opportunities and collaborations not otherwise available, on top of serving as a signal to top tier researchers that UH is a desirable career destination.

In October 2016, the Cancer Center officially welcomed Dr. Randall Holcombe as our new Director, and in the 4.5 years since, the atmosphere has changed completely: Not only did the National Cancer Institute renew our esteemed NCI designation in 2018, but they rated our Cancer Center here in Hawai'i as "EXCELLENT," with effusive praise for Dr. Holcombe and the amount of progress that the Cancer Center had made under his leadership in such a short amount of time. The upward progress did not plateau there, though. In subsequent years, the External Advisory Committee have continued to praise the "remarkable progress" that Cancer Center leadership has made from year to year since Dr. Holcombe's arrival, including the recruitment of "top tier" faculty, as well as establishing a plan and obtaining funds for the Early Phase Clinical Research Center, on which construction will begin soon.

H.B. 1297 S.D. 1, which mandates that the Cancer Center director maintains a direct line of reporting to the Provost of UH Mānoa *and* the Dean of the JABSOM, **is a loud and clear vote of no confidence in Cancer Center leadership, which NCI will recognize and weigh accordingly in their consideration of the Cancer Center's upcoming designation renewal.** It makes zero sense that the federal government has high praise for our current leadership, and the faculty and staff have expressed praise for our current leadership . . . but it seems that some members of the Senate are saying that our Cancer Center needs to be reined in – not just now, but in statutory perpetuity.

So much is at stake here, and for no transparent reason. I ask that you please **vote NO on H.B. 1297 S.D. 1.** Thank you for considering my testimony.

Sincerely,
Crissy Terawaki Kawamoto
Research Study Project Manager, University of Hawai'i Cancer Center

Dear HTH Committee Chair Keohokalole, Vice Chair Baker, and Members, Senators Moriwaki, Fevella and Beunaventura and

Dear HRE Committee Chair Kim, Vice Chair Kidani, and Members, Senators Keith-Agaran, Fevella and Wakai:

I am an Associate Professor at the UH Cancer Center. I'm writing to express my strong **OPPOSITION to HB1297 HD2 Proposed SD1**, a proposal which would place the UH Cancer Center within the structure of the John A. Burns School of Medicine and also limit use of the Hawaii cancer research special fund to capital expenditures.

Although the bill is well-intentioned, I believe it would have a detrimental effect on the UH Cancer Center, and would hamper our efforts to reduce the burden of cancer on the people in the state by improving cancer prevention, diagnosis, treatment, and education. Further, I believe the bill (if passed) could actually increase costs, and decrease our ability to acquire large research grants from the National Cancer Institute (NCI).

The UH Cancer Center has made great strides in recent years under the outstanding leadership of our Director Dr. Randall Holcombe. Moving the UH Cancer Center into the School of Medicine would create the appearance that Dr. Holcombe is being demoted. This could seriously undermine UH's standing with the National Cancer Institute (NCI), and could jeopardize our status as a designated NCI Cancer Center. This, in turn, would reduce our eligibility to obtain various large research grants.

For these reasons and others, I **oppose HB1297 HD2 Proposed SD1**.

Thank you for your consideration,

Thaddeus Herzog, PhD
Associate Professor
UH Cancer Center

HB-1297-HD-2

Submitted on: 3/22/2021 2:34:24 PM

Testimony for HTH on 3/23/2021 3:15:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|------------------------|--------------|--------------------|--------------------|
| Lynn Murakami-Akatsuka | Individual | Oppose | No |

Comments:

I am writing as a member of the Hawaii Skin Cancer Coalition to voice my **Strong Opposition** to HB 1297 HD 2, SD 1.

This bill looks similar to SB 589, SD2, HD1 which I **strongly opposed in my past testimonies**. I do not understand why this bill wants to make organizational changes that (stated in Part III of this bill's version) "Requires the Cancer Research Center of Hawaii to be affiliated with the John A. Burns school of medicine with direct lines of reporting to the provost of UH at Manoa and the dean of John A. Burns School of Medicine." **The collaboration between UHCC and JABSOM** already exists through their combined telecom, joint grants, joint teaching, coordinated parking, joint genomics core, etc.

Also HB 1297, HD 2, SD 1 has proposed to change the cigarette tax revenues deposited to the Hawaii Cancer Research Special Fund from its original legislative intent to support the core mission activities (research and operating expenses) to only capital expenditures with a sunset date of 7/1/2041. This bill does not specify the basis to, or provide any justification for, the deviation from the original legislative intent.

Has the UH Board of Regents been consulted or involved in: 1) these proposed changes of lines of authority, 2) how funds are expended from the tuition and fees special fund, and 3) how funds are expended from the research and training revolving fund by the UHCC and JABSOM? Isn't the Legislature overstepping its authority?

The turnaround of UHCC from 2016 is a reflection of UHCC's Director Dr. Randall Holcombe's leadership, business acumen, and collaborative relationships with his faculty, staff, community partners, and colleagues from the various Schools within the University of Hawaii system.

His outreach to community groups such as our Coalition and others involved with UHCC is why I am writing another testimony to the legislature to strongly oppose HB 1297, HD 2, SD1 and other similar bills that appear to continue to attack the UHCC leadership and for the legislature to stop interfering on the success of UHCC since 2016. **Again, there is no problem to be solved that HB 1297, HD 2, SD 1 appears to create.**

As legislators. please read the volumes of testimonies from UHCC faculty, staff, and Center supporters that were submitted in strong opposition on this bill and other similar bills such SB 589. SD 2, HD 1. Most important the testimony from University of Hawaii President David Lassner and Provost Michael Bruno that discusses the negative consequences of any organizational lines of authority changes, financial conditions, and external interferences to UHCC that would lose its National Cancer Insitute (NCI) designation.

It is not easy to turnaround a large insitution, from the UHCC that had earlier years of difficulty prior to 2016; to one that is led with strong leadership, strategic implementation, strong support from UH administration and within the UHCC faculty and staff, and most of all financial stability. Hawaii residents and our Pacific Island neighbors benefit that we are able to get clinical trial treatments and ethnic specific research cancer studies here in Hawaii at UHCC and its NCI designation.

Therefore, **I strongly oppose HB 1297, HD 2, SD 1** for the reasons I stated above and urge that it be deferred.

Dear Chairs Kim and Keohokalole and Vice Chairs Kidani and Baker, and Members of the Committees:

I am providing personal testimony as an employee at the UH Cancer Center to voice my **OPPOSITION to HB1297 HD2 proposed SD1**, which would affiliate the UH Cancer Center with the John A. Burns School of Medicine (JABSOM) with its Director reporting to both the Provost and the Dean and also limit use of the Hawai'i Cancer Research Special Fund to capital expenditures.

I urge you to please consider the implications this bill will have to the people and the State of Hawai'i if this bill is passed in any shape or form. This bill will erase all the hard work and research that have been accomplished over the last 50 years. This bill will have a significant impact to the NCI Designation status that we have worked so hard to maintain for the last 25 years!

We are the only NCI Designated Cancer Center studying the unique populations of Hawai'i. No other Cancer Center studies Chinese, Japanese, Filipino, Native Hawaiians, Micronesian, and Samoan to name a few like the way we do – they simply lump all these ethnicities into a group they call “Asian”. Once we **lose NCI Designation**, the people of Hawai'i and our multi-ethnic population will suffer the consequences.

I invite all of you to come visit and take a tour of the UH Cancer Center to learn more on what we do and have a first-hand better understanding of the impactful research that we do for the State of Hawai'i.

Thank you for your dedicated time and service to the people of Hawai'i.

Mahalo,
Elizabeth Kuioka
Development and Outreach Coordinator
University of Hawai'i Cancer Center

DAVID Y. IGE
GOVERNOR



MAX N. OTANI
DIRECTOR

Maria C. Cook
Deputy Director
Administration

Tommy Johnson
Deputy Director
Corrections

Jordan Lowe
Deputy Director
Law Enforcement

LATE

STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY

919 Ala Moana Boulevard, 4th Floor
Honolulu, Hawaii 96814

No. _____

TESTIMONY ON HOUSE BILL 1297, HOUSE DRAFT 2
RELATING TO STATE FINANCES.

by
Max N. Otani, Director

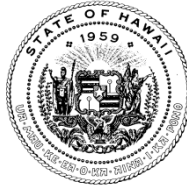
Senate Committee on Ways and Means
Donovan Dela Cruz, Chair
Gilbert S.C. Keith-Agaran, Vice Chair

Tuesday, March 23, 2021; 3:15 p.m.
State Capitol, Conference Room CR 229 & Video Conference

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

House Bill (HB) 1297, House Draft (HD) 2 proposes to require all special funds to submit an annual program measures report and authorize the Director of Finance to deduct five percent of all receipts of all special funds excepting those listed. The Department of Public Safety (PSD) appreciates the Legislature's consideration of testimony on former drafts of HB 1297 in the development of HD2. As the Statewide Automated Victim Information and Notification System (SAVIN) Special Fund is now included on the list of exempt special funds, PSD **supports** this measure.

Thank you for the opportunity to present testimony on HB 1297, HD2.



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

LATE

**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION**
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

March 23, 2021
3:15 P.M.
State Capitol, CR229, Via Videoconference

**H.B. 1297, H.D. 2
RELATING TO STATE FINANCES**

Senate Committees on Health and Higher Education

The State of Hawaii, Department of Transportation (DOT) offers **comments** on H.B. 1297, H.D. 2 which requires reporting for all non-general funds to the Legislature and makes certain special funds subject to deductions for central service expenses into the general fund.

The DOT is strongly in favor of transparency and communication and regularly complies with several existing reporting requirements to the Legislature. To maintain efficiency in government operations, the DOT suggests a review of all reporting requirements to make sure that the Legislature is receiving the information it needs and that existing reporting requirements are not redundant with these new measures.

Thank you for the opportunity to provide testimony.

LATE



HB1297 HD2 proposed SD1 Alana Dung Research Foundation

Dear Chairs Kim and Keohokalole and Vice Chairs Kidani and Baker and Members of the Committee,

We are in **OPPOSITION** to HB 1297 HD2 proposed SD1.

Our Foundation provided the Center with a Grant to support its Early Phase Clinical Trials Research Center. Under the exceptional leadership of Dr. Randall Holcombe a 6.5 million federal grant from the National Institute of Health was secured for this project which has the potential to save lives and test innovative therapies.

Passage of this bill would threaten UHCC's designation as one of only 71 NCI-designated cancer centers in the nation. Why would you want this to happen ? If this bill is passed, it would likely lead to loss of UHCC's NCI designation, which would lead to a loss of between \$15 and \$20 million in funding.

- The Center's operational budget is balanced.
- Tenured track faculty bring in roughly 25% of their salary from extramural funds.
- The Center attracts brilliant, creative and productive individuals. Wouldn't this be the kind of diversification the State be encouraging?

Our Center is thriving and has plans which will enhance our community significantly. Why would you support a bill which would hamper its ability to continue its good work for cancer patients and people of Hawaii ?

I strongly oppose the bill and ask that you review carefully the impact it could have on one of Hawaii's finest assets.

Thank you,

A handwritten signature in dark ink, appearing to read 'Adelia C. Dung'. The signature is fluid and cursive.

Adelia C. Dung
President

LATE

HB-1297-HD-2

Submitted on: 3/22/2021 10:10:42 PM

Testimony for HTH on 3/23/2021 3:15:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|----------------|--|--------------------|--------------------|
| Monica McLaren | Testifying for Friends of UH Cancer Center | Oppose | No |

Comments:

Dear Chairs Kim and Keohokalole and Vice Chairs Kidani and Baker, and Members of the Committees:

As President of the Friends of UHCC, a local community 501(c)(3) organization that has existed in some form since 1981 to support and advance cancer research in Hawai'i, our organization strongly OPPOSES HB1297 HD2 proposed SD1, which would affiliate the UH Cancer Center with the John A. Burns School of Medicine (JABSOM) with its Director reporting to both the Provost and the Dean and also limit use of the Hawai'i Cancer Research Special Fund to capital expenditures.

Over the past 40 years, hundreds of Friends board members and supporters have worked tirelessly to support the work of cancer research programs and UHCC. Our organization's mission from the inception was to support local, innovative cancer research with monetary, in-kind donations, and to advance community education and advocacy. We have remained committed to this mission for four decades. Through the years we have seen UHCC weather external and internal challenges, but have recognized its inherent value and potential, and are so incredibly proud to see what it is presently accomplishing and its eminent position as one of only 71 NCI designated centers.

While we have some understanding of the current and future economics that our state is facing and the consequent need to reorganize and reallocate existing funds to maximize their efficacy, we feel that in this case the proposals in this bill will not result in long-term gains in the function and results that UHCC will be able to realize for Hawai'i, namely improving the quality of life for Hawaii residents.

We realize that on paper, financial and organizational structures may seem logical and efficacious, but we plead with you to take a deeper, longer look at the consequences of passing this bill. Our primary concern is the fact that UHCC's NCI designation will be jeopardized if this bill passes, and with the loss of that designation, much of the positive gains UHCC has achieved, as well as future gains, could be lost.

UHCC is currently building the Early Phase Clinical Trial Center, which would permit local residents to have access to cutting edge cancer treatments when all other

treatments have failed. Patients and their families would be able to remain here in Hawaii, with all of the attendant support that we all know is so important for health and healing. In 2019 the legislature awarded \$6.5M to build the EPCTC, so to jeopardize its research mission and blunt its effectiveness with the loss of the NCI designation just doesn't make sense to us.

Despite the political morass we find ourselves in as a country, I do believe that you, our elected officials, can and should hold our community's best interests at heart, and that takes an open mind, the ability to balance the calculus of differing interests, perspectives, and money versus value. At the very least, this committee must look beyond the information that has previously been relied upon in respect to previous readings of this bill in order to truly understand the risks and rewards of passing this bill. We believe if you review the updated information that is being offered in stakeholder testimony, your understanding of the risks of passage will become clearer.

We humbly ask that you do NOT pass this bill, and permit UHCC to continue to serve Hawaii in eradicating cancer. In its present highly effective and self-sustaining form, it has earned our (and your) confidence and support.

Sincerely,

Monica McLaren

President, Friends of UHCC

LATE

HB-1297-HD-2

Submitted on: 3/23/2021 10:37:40 AM

Testimony for HTH on 3/23/2021 3:15:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--|--------------------|--------------------|
| earl stoner | Testifying for friends of the uh cancer center | Oppose | No |

Comments:

Dear Chairpersons and Members of the Health and Higher Education Committees: I am Earl Stoner, a resident of Maui and an emeritus member of the Friends of the UH Cancer Center Board. I am opposed HB1297 HB2,

Typically of many past bills during my involvement with the UH Cancer Center this bill is simply another effort on the part of the legislature to micro manage two very successful departments of the University. The State has determined that the University be managed by a competent President and Board of Regents whose responsibility it is to oversee and manage the business of the University. You are a law making body and not an administrative body. One wonders how those of you who are independent business owners would feel if the state suddenly mandated how you would staff, manage and operate your businesses. Probably not too good!

Much of the proposal in this bill to combine the UH Medical School and the UH Cancer Center do not consider the damage and loss of funding that would occur under such an arrangement. Your research is flawed.

Dr. Hedges is a proven top manager of the Medical School and Dr. Holcombe is a proven top manager of the Cancer Center. Both of these organizations have received accolades from peers throughout the nation for good management and successful research. They are two gems of the UH system. Perhaps you haven't noticed the difference in these two unique entities. One is an educational organization and the other a research organization. They cannot and should not be combined into one entity.

Several years ago at the inception of the new campus for the Cancer Center you committed funds from the cigarette tax to accommodate the operation of the Cancer Center. The intent was clearly to support the growth of the Center and maintain it as a top Cancer research facility in the U.S. That support is both appreciated and needed. The Center is successfully operating as one of the top 70 cancer research facilities in the country. You should be proud of it!

The Medical School has received high praise when compared to other Medical Schools and has recently been ranked among the top such schools in the nation. You should be proud of that as well!

Ironically, the Cancer Center has a vested interest in minimizing smoking in the state and has had reasonable success in that pursuit. Even though primarily a research entity, this is one of its educational mandates. Funny, it has done a good job of reducing its committed income by getting people to stop or reduce their smoking habit.

I understand that the legislature is dealing with the fallout from the coronavirus pandemic and that each of you is drafting bills that you think will help that effort. We have dealt with other financial crises in the recent past without taking away from our successful organizations. I urge you to let the UH Medical School and the UH Cancer Center to continue their operations independently and unfettered by legislation that is not favorable to either of them. Thank you.....



To: The Honorable Jarrett Keohokalole, Chair
The Honorable Rosalyn H. Baker, Vice Chair
Members, Senate Committee on Health

The Honorable Donna Mercado Kim, Chair
The Honorable Michelle N. Kidani, Vice Chair
Members, Senate Committee on Higher Education

From: Colette Masunaga, Director, Government Relations & External Affairs, The Queen's Health Systems

Date: March 23, 2021

Re: Comments on HB1297, HD2: Relating to State Finances

The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 1,500 affiliated physicians and providers statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to provide comments on HB1297, HD2, which requires each department to submit program measures, costs elements, and accounting reports for all non-general funds to the Legislature and specifies that the cigarette tax revenues deposited to the credit of the cancer research special fund shall only be used for capital expenditures; and furthermore, beginning 7/1/2021 transfers to the credit of the general fund surcharges and cigarette tax revenue allocated to the trauma systems special fund. Queen's appreciates the previous Committee's amendments to HB1297, HD1 which protect the Trauma System Special Fund (TSSF). We are, however, concerned that decreasing revenue derived from cigarette sales to the TSSF could seriously impact the Fund's goals of improving the safety of, and access to, the overall statewide trauma system. We therefore urge the Committee to protect the funding streams currently dedicated to the TSSF and also consider the potential for future funding to ensure the stability of our statewide trauma program.

The Trauma System Special Fund is important for the sustainability of the statewide trauma program and we are concerned about transferring credit from the trauma system special fund to the general fund. Queen's is the only Level 1 trauma center for the state, providing services to 2,900 patients annually. Trauma services at Queen's must include 24/7 on-call specialist coverage, in-house Trauma surgery, in-house Anesthesia and Operating room staff, as well as numerous other specialized services and equipment to deliver life-saving interventions on a moment's notice.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.

Queen's houses the 24/7 Transfer Call Center which provides support to neighbor island trauma patients and is the only comprehensive specialty on-call schedule in the state. The call schedules represent greater than 20 specialties including all surgical subspecialties including, neuro surgery, microvascular surgery (limb salvage and re-implantation surgery), facial and reconstructive surgery.

The Queen's Medical Center Punchbowl routinely receives trauma patients with severe injuries or sub-specialty needs from hospitals on every island and throughout the Pacific Basin. On the neighbor islands where access to Level I Trauma care is limited by geographic barriers, it may take several hours to reach Queen's; the State Trauma System ensures initial evaluation and resuscitation at Level III centers are accessible to the people of Hawai'i in every county. Underfunding or eliminating the State's trauma system special fund may result in decreased access to Trauma centers, reduction in services, higher complication rates, diminished functional outcomes, and higher death rates after injury. As death and disability after injury are a primary public health concern, especially in young adults, high quality Trauma care remains essential to the reduce loss of productive life years and improve outcomes after injury.

The TSSF is a critical resource which offsets those losses and maintains vital infrastructure for the state trauma system. Thank you for your time and attention to this important issue.

LATE

Individual's Testimony AGAINST HB1297 HD2 proposed SD1

Submitted to the Senate Committees on Health (HTH) and Higher Education (HRE)

March 23, 2021

I am providing personal testimony as a Professor in the UH Cancer Center to voice my **STRONG OPPOSITION to HB1297 HD2 proposed SD1**, which proposes to affiliate the currently freestanding Organized Research Unit of UH Manoa for cancer research (UH Cancer Center; UHCC) with the UH John A Burns School of Medicine (JABSOM) with the UHCC Director reporting to both the UH Manoa Provost and the Dean of JABSOM and also limit use of the Hawaii cancer research special fund to capital expenditures.

Being faculty at the UH Cancer Center and directing the Analytical Biochemistry since 1993, having served as vice chair and chair of the UHCC faculty senate, reviewing biomedical research grants at every level for the National Institutes of Health (NIH) I am very familiar with the requirements of the NCI Designation thoroughly.

My foremost concern here is that the language in this bill **will greatly endanger the renewal of UHCC's NCI Designation** by affecting Institutional/State support and the authority of the Director. These are two very important areas that are taken into account when we apply to renew the designation every 5 years.

First, I want to thank you for all the support the legislature has provided the UH Cancer Center over the years. Your support continues to be a very important reason we have been able to renew the National Cancer Institute (NCI) designation since obtaining it in 1996. As you know, NCI Designation is highly desired and competitive with only 71 Cancer Centers across the US having earned it. States that don't currently have a NCI Designated Center are fighting to get one (see Arkansas for example). Once lost it can be extraordinarily difficult to recover. With the designation comes millions in direct and associated funding for our work for the people of Hawaii to reduce the burden of cancer through research, patient care, education, and community outreach. The NCI review at our last renewal noted the following about **your** commitment:

*"Institutional Commitment is rated outstanding. Institutional commitment through various revenue sources totals \$23.5 million of which 53% is generated from a tobacco tax. **The University of Hawai'i and the State** are fully committed to ensuring the success of the UHCC as the only cancer education and clinical research center. The UHCC receives strong institutional commitments in space and faculty tenure slots, and benefits from a wide array of financial streams at significant levels. State commitments are notable."- NCI review Summary Statement 2018*

Not having NCI designation as a Cancer Center will exclude the UH Cancer Center from renewing its U54-PIPCHE grant. This partnership grant between the UH Cancer Center and the University of Guam has been successfully renewed uninterrupted since 2008, was renewed in 2020 for >\$14M over 5 years, and is a hallmark of the UH Cancer Center's accomplishments in reducing cancer health disparities in the Pacific, a key component of the mission of the UH Cancer Center that sets it apart from all other NCI-designated cancer centers.

Not having an NCI designation will additionally exclude the UH Cancer Center faculty from applying for many grants offered only to researchers at NCI-designated cancer centers.

Part II of this bill which limits use of the Hawai'i Cancer Research Special Fund to capital expenditures (paying the bonds on the building) will limit our ability to pay for the associated research and operations of the building. The original Act 316 in 2006 that created the Hawaii Cancer Research Special Fund states the purpose and intent of the 2006 legislature as follows: *"The moneys in the special fund shall be used by the University of Hawaii for the cancer research center of Hawaii's research and operating expenses."* In 2008, the term "and capital expenditures" was appended to this sentence to read *"The moneys in the special fund shall be used by the University of Hawaii for the cancer research center of Hawaii's **research and operating expenses and capital expenditures**"* via Act 084." So the language in HB 1297 will change that in damaging ways as we would no longer be able to pay for building associated research and operating expenses. Please see our twice yearly public reports on how these funds are spent which are publicly available and provided to you.

The Director currently has authority over administration, finances, hiring/tenure decisions, and space allocation within the Cancer Center. This was also essential to renewal and is a key differentiator overall for us from cancer centers in other states. I quote from the review comments for the NCI Designation grant for this criteria:

*"**Center Director** is rated as outstanding merit. Dr. Randall Holcombe is a strong Cancer Center Director who has had a transformative impact on the culture and direction of the UHCC. The scientific qualifications, administrative qualifications, and experience of Dr. Holcombe are valuable that [sic] provide a firm foundation for his service as cancer center director." And "Under Dr. Holcombe's outstanding leadership, the center has reinvigorated its focus on the study of cancer in diverse racial and ethnic populations, especially addressing cancer problems in Hawai'i and the Pacific. Many structural, organizational, and cultural changes needed attention upon Dr. Holcombe's appointment as Director, and in a relatively short period of time Dr. Holcombe has made substantive progress to establish a vision for the center and advance scientific objectives. The Director's time commitment devoted to managing the scientific and administrative activities is appropriate, with the majority of his effort directed exclusively to cancer center administration. Dr. Holcombe has harnessed resources and authorities to advance the research mission of the center. Dr. Holcombe in his role as Director, Cancer Center reports to the Vice Chancellor of Research and has authority equivalent to a Dean, and has used this authority to successfully recruit new faculty in a short period of time."- NCI review Summary Statement 2018*

Note that our score on the last renewal in 2018 was better than what we received on the prior one indicating our progress.

Finally, as noted by NCI above and in other testimony from faculty, things have improved significantly in the five years since the reports referenced in this bill. Dr. Holcombe recently (3/18/2021) updated the Board of Regents on the specifics and they are publicly available.

In the **five years since** Dean Hedges Business plan and associated Warbird Report report in 2016 the Cancer Center hired a new Director (Dr. Holcombe) and under his leadership we have accomplished the following:

- Our operational budget is balanced (and we re-budgeted this year for loss of the Governor's funds)
- UH refinanced the revenue bonds last October at an overall savings for the state (details available from Kalbert Young)
- We renewed NCI designation in 2018 with an improved score

- All new faculty are extramurally funded, and all letters of hire include an expectation that new faculty will cover at least 25% of their salary from extramural sources. (Our tenure-track faculty overall currently bring in roughly 25% of their salary from extramural funds)
- We regularly review internal departments and faculty and have released unproductive faculty and reduced administrative and staff positions over the last 4 years.
- There are also many new synergies between JABSOM and UH Cancer Center such as combined telecom, joint grants, joint teaching, coordinated parking, joint genomics core, and others.

Please also reference the substantial testimony in opposition to SB589 SD1 and other versions of that bill which has been appended as Part III of HB1297 HD2 here.

For the reasons above I am **OPPOSED to HB1297 HD2 proposed SD1**. It is an attempt to solve a problem that no longer exists and will instead cause many negative consequences to both the UH Cancer Center and JABSOM. It will diminish the ability of the Cancer Center to continue to do the good work it does for cancer patients and the people of Hawai'i.

Thank you for this opportunity to share this information.

Adrian Franke, PhD
Professor
UH Cancer Center

LATE

HB-1297-HD-2

Submitted on: 3/22/2021 8:02:31 PM

Testimony for HTH on 3/23/2021 3:15:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| Carl Chun | Individual | Oppose | No |

Comments:

I am opposed to HB1297 HD2 and its versions. This proposed bill is an attempt to solve a problem that does not exist and will endanger the UH Cancer Center's NCI designation and cause many negative consequences to both the UH Cancer Center and JABSOM.

The UH Cancer Center does great work for cancer patients and the people of Hawaii. I support the Center and its director, Dr. Holcombe.

LATE

HB-1297-HD-2

Submitted on: 3/22/2021 8:08:31 PM

Testimony for HTH on 3/23/2021 3:15:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|-----------------------|-----------------------|
| Laurie Chun | Individual | Oppose | No |

Comments:

I am strongly opposed to HB1297 HD2 and its versions.

LATE

HB1297 HD2 proposed SD1

Dear Chairs Kim and Keohokalole and Vice Chairs Kidani and Baker and Members of the Committee,

I am in **OPPOSITION** to HB 1297 HD2 proposed SD1.

Dr. Randall Holcombe's arrival in Hawaii nearly 5 years ago was a blessing. A well-respected leader he saw the vision and potential the UH Cancer Center has to be world class. Under his leadership much has been accomplished.

The Center is beginning to make the Early Phase Clinical Trials Research Center a reality. Something that would benefit our community.

With the passage of this bill you would threaten UHCC's designation as one of only 71 NCI-designated cancer centers in the nation.

- Losing our NCI designation, which would lead to a loss of between \$15 and \$20 million in funding.

The Center is thriving and has an operational budget that is balanced. What is the benefit of passing legislation that creates new problems and endangers the survival of a nationally recognized Center ?

I strongly oppose the bill and ask that you seriously consider the impact of this legislation.

Thank you,


Stephen Dung
A Concerned Citizen

LATE

HB-1297-HD-2

Submitted on: 3/22/2021 10:08:35 PM

Testimony for HTH on 3/23/2021 3:15:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|--------------|--------------------|--------------------|
| Adelia Dung | Individual | Oppose | No |

Comments:

I Oppose HB 1297 HD2 proposed SD1

Passage would put the Center's NCI designation at risk.

In addition to a significant loss in revenue to the State, the citizens of Hawaii will loss a valuable Research Center.