
A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

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

1 SECTION 1. The legislature finds that the research and
2 training revolving fund was established in 1974 to pay for
3 research and training activities at the University. The state
4 auditor, in a 2004 report (04-13), found that the research and
5 training revolving fund "does not meet all criteria for a
6 revolving fund." The legislature found that the University of
7 Hawaii's corrective action to the state auditor's finding was to
8 reclassify the research and training revolving fund as a special
9 fund.

10 In addition, a November 9, 2001 report of the president's
11 special task force on research infrastructure at the University
12 of Hawaii proposed remedies to what the University of Hawaii
13 association of research investigators described as impediments
14 to the conduct of research at the University of Hawaii. The
15 task force recommended that "overhead recovery by UH must be
16 reinvested in the research infrastructure, to permit investments
17 in equipment, technical support and faculty salary to remain
18 competitive." The report expressed concern that a:



1 substantial fraction of the total UH indirect costs that
2 are recovered have been allocated to activities that do not
3 directly support research and do not qualify as recoverable
4 costs. During the past 8 years, 12% of the UH ICR has been
5 allocated to the Housing Assistance Revolving Fund (HARF)
6 by legislative mandate without any consideration of the
7 amount (\$2.47m in FY01), its intended uses or any
8 demonstrated need. An additional 4% (\$824K in FY01) has
9 been redirected to the Discovery and Inventions Revolving
10 Fund (DIRF), an internal entity that has not been
11 adequately coordinated with the rest of the research
12 enterprise.

13 The legislature believes that the current unfunded deferred
14 maintenance backlog of \$175,000,000 as well as other equipment
15 repair and replacement needs that are related to research
16 activities will benefit by maintaining all indirect costs
17 recovered in the research and training fund. The legislature
18 believes the research and training revolving fund should be
19 reclassified as a special fund and that all of its funds should
20 be reinvested in the research infrastructure.

21 SECTION 2. Section 304-8.1, Hawaii Revised Statutes, is
22 amended by amending to read as follows:



1 "§304-8.1 Research and training [~~revolving~~] special fund.

2 (a) There is established a University of Hawaii research and
3 training [~~revolving~~] special fund into which shall be deposited
4 one hundred per cent of the total amount of indirect overhead
5 revenues generated by the university from research and training
6 programs. The board of regents of the University of Hawaii is
7 authorized to expend one hundred per cent of the revenues
8 deposited in the fund for:

- 9 (1) Research and training purposes which may result in
10 additional research and training grants and contracts;
- 11 (2) Facilitating research and training at the university;
12 and
- 13 (3) ~~[Further deposit into the discoveries and inventions~~
14 ~~revolving fund and the University of Hawaii housing~~
15 ~~assistance revolving fund.]~~ Repair and replacement of
16 research related equipment and facilities.

17 (b) The University of Hawaii shall prepare and submit an
18 annual report on the status of the research and training
19 [~~revolving~~] special fund to the legislature twenty days before
20 the convening of each regular session. The annual report shall
21 include but not be limited to a breakdown of travel expenses.



1 (c) Notwithstanding sections 304-10, 304-8.92, and 304-
2 8.96 to the contrary, the board of regents or its designee, may
3 establish a separate account within the research and training
4 ~~[revolving]~~ special fund for the purpose of providing advance
5 funding to meet reimbursable costs incurred in connection with
6 federally financed research and training projects. Any
7 reimbursement received as a result of providing advance funding
8 shall be deposited into the research and training ~~[revolving]~~
9 special fund to be used for the purpose of meeting reimbursable
10 costs incurred in connection with federally financed projects.

11 (d) Revenues deposited into the fund shall not be used as
12 a basis for reducing any current or future budget request or
13 allotment to the University of Hawaii unless the university
14 requests such a reduction."

15 SECTION 3. Section 304-8.92, Hawaii Revised Statutes, is
16 amended by amending subsection (a) to read as follows:

17 "(a) There is established a discoveries and inventions
18 revolving fund ~~[into which shall be deposited a portion of the~~
19 ~~total indirect overhead funds generated by the university for~~
20 ~~research and training purposes in the prior fiscal year as~~
21 ~~determined by the board of regents]~~. Appropriations by the
22 state legislature subject to the approval of the governor,



1 proceeds from the commercial exploitation of inventions and
2 intellectual property developed at the university, gifts,
3 donations, fees collected, and grants from public agencies and
4 private persons may ~~also~~ be deposited into the fund for the
5 purposes of supporting innovation and research commercialization
6 and the patenting, copyrighting, licensing, and marketing of
7 discoveries, inventions, and technologies developed at the
8 university. The fund shall be used to develop technologies
9 ~~which~~ that have potential commercial value, support the
10 administration of technology transfer activities, and facilitate
11 economic development through education and research undertaken
12 at the university."

13 SECTION 4. Section 304-8.96, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) There is established a housing assistance revolving
16 fund ~~[into which shall be deposited a portion of the total~~
17 ~~indirect overhead funds generated by the university for research~~
18 ~~and training purposes in the prior fiscal year as determined by~~
19 ~~the board of regents]~~. The fund shall be used to:

20 (1) Implement the University of Hawaii housing assistance
21 master plan, in accordance with policies adopted by
22 the board of regents; and



1 (2) Account for all transactions of the university housing
2 assistance program, including but not limited to
3 revenues, expenditures, loans, and transfers."

4 SECTION 5. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 6. This Act shall take effect on July 1, 2006.

Report Title:

UH; Special Fund

Description:

Authorizes the research and training special fund to be used for the repair and replacement of research related equipment and facilities. Discontinues fund transfers into the discoveries and inventions revolving fund and the housing assistance revolving fund. (SD1)

