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Statement of  
**THEODORE E. LIU**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**COMMITTEE ON HIGHER EDUCATION**  
**and the**  
**COMMITTEE ON ECONOMIC DEVELOPMENT AND TECHNOLOGY**  
Thursday, February 12, 2009  
2:00 p.m.  
State Capitol, Conference Room 225

in consideration of  
**SB 1351**  
**RELATING TO THE UNIVERSITY OF HAWAII AT HILO.**

Chair Tokuda, Chair Fukunaga, Vice Chair Sakamoto, Vice Chair Baker and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) supports SB 1351 which would establish the Office of the Vice Chancellor for Research and Economic Development at the University of Hawaii at Hilo (UHH).

The University of Hawaii at Hilo reports remarkable growth in its research effort in the first seven years of this decade: increases of 462.5% in funding and 341% in the number of awards. The proposed office would serve a vital coordinating function that would accelerate further growth in the ability of UHH to attract research funding, carry out quality research, and provide research training for both undergraduate and graduate students.

In particular, there has been an emphasis at UHH in recent years on majors related to science, technology, engineering, and math (STEM). This has been supported in large part by grants from the National Science Foundation's Experimental Program to Stimulate Competitive Research (EPSCoR). As DBEDT Director, I sit on the EPSCoR Statewide Steering Committee and DBEDT administers State matching funds for the NSF grant.

This emphasis on STEM is an important alignment with the State's economic development goal related to developing an innovation-based economy that depends on strengthening our ability to educate a STEM workforce and providing all students with STEM skills to succeed in a more complex society. We believe that the proposed Office of the Vice Chancellor for Research and Economic Development will greatly enhance UHH's ability to help the State meet this goal. Support for the activities of the office is included as a part of the Administration's request for \$500,000 to contribute to the required State matching funds for a new EPSCoR grant, included in the University of Hawaii System budget, which would bring in \$4,000,000 per year for five years.

Thank you for the opportunity to provide these comments.



# UNIVERSITY OF HAWAI'I SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Higher Education and the  
Senate Committee on Economic Development and Technology  
February 12, 2009 at 1:15 pm

by  
James R. Gaines  
Vice President for Research, University of Hawai'i

### SB 1351 – RELATING TO THE UNIVERSITY OF HAWAI'I AT HILO

Chairs Tokuda and Fukunaga, Vice Chairs Sakamoto and Baker, and members of the Senate Committee on Higher Education: Thank you very much for this opportunity to testify on Senate Bill 1351 that establishes in statute the Vice Chancellor for Research and Development at the University of Hawai'i at Hilo.

We thank the legislature for this intent to support the growth of the University of Hawai'i at Hilo. The University of Hawai'i supports this proposal in principle at some future date after appropriate review, recognizing that UH Hilo's growing research activity will require more coordination and leadership.

Creating additional executive personnel at UH requires appropriate review by the Board of Regents within the context of a review of UH Hilo's mission and its role within the UH system. We would also note that an amendment to statute is not required to establish this office or position.

Thank you again for the opportunity to testify.

Senator Jill N. Tokuda, Chair  
Senator Norman Sakamoto, Vice Chair  
Committee on Higher Education

Senator Carol Fukunaga, Chair  
Senator Rosalyn H. Baker, Vice Chair  
Committee on Economic Development and Technology

February 12, 2009

Support of S.B. 1351, Relating to the University of Hawai'i at Hilo

Nimr Tamimi, P.E.  
President, Board of Directors  
Kanoelehua Industrial Area Association  
In conjunction with the Hawai'i Island Chamber of Commerce & Japanese Chamber of  
Commerce and Industry of Hawai'i  
Phone: (808) 961-5422

The Kanoelehua Industrial Area Association (KIAA) strongly supports S.B. 1351, relating to the establishment of the Office of the Vice Chancellor for Research and Economic Development at the University of Hawaii at Hilo (UH Hilo).

The Hawaii Island Chamber of Commerce (HICC) and Japanese Chamber of Commerce & Industry of Hawai'i (JCCIH) have also given KIAA the authority to testify on their behalf and with the unified voice of the business community. We all strongly support S.B. 1351.

KIAA is a 40-year old, non-profit organization consisting of over 350 small business members on the east side of Hawai'i Island. These small businesses represent and employ approximately 5,000 people throughout the island. Their employees cut across the entire cross-section of Hilo's economy. Our membership includes physicians, lawyers, dentists, accountants, wholesalers, truckers, distributors, plumbers, electricians, non-profits, healthcare workers, engineering firms, architects, farmers, real estate brokers, students, and many, many others to include college and university employees.

The current economic situation is placing tremendous pressure and challenges on the small businesses of our community. Many of these small businesses are in danger of failing and several have already failed. In order for these businesses to survive, and for new enterprises to develop and succeed, it is critical, now more than ever, for KIAA, HICC, and JCCIH to partner with UH Hilo for the benefit of our community and state.

In 2008, Dr. Rose Tseng, Chancellor, established the Interim Vice Chancellor for Research position. Over the past year, through this position, members of KIAA have had the opportunity to meet with Dr. Michael Crosby, a man of character, integrity, vision, and

community. Dr. Crosby comes to us on sabbatical as the Executive Director of the National Science Board. His depth and breadth of knowledge, especially his resources and contacts in the scientific community, have already brought a new dimension of possibilities and hope for our community and employment opportunities for our children.

In the short time Dr. Crosby has been around, the UH Hilo faculty, community leaders, and research support staff have developed a new synergy, a sense of collaboration and partnership. We believe that it takes this kind of leadership to help take our university and community to the next level. However, in January, 2010, this interim position will cease to exist unless you take action.

UH Hilo endorsed the Office of the Vice Chancellor for Research and Economic Development for the 2010 budget and upon initial presentation, was subsequently endorsed by UH System leadership. Unfortunately, it became a casualty during UH System budget cuts without regard for the potential return on such a modest investment.

We are especially excited to learn of the new funding model which operates more like a business and less like government. Using a combination of soft money obtained through indirect return of overhead from grants and other non-university sources, the Office of the Vice Chancellor for Research and Economic Development would only use a modest investment from the state as base funds. In this way the office could quickly expand during periods of tremendous grant activity, or consolidate during leaner times. We were impressed with this dynamic approach that is so very different from the typical under-bid and come-back-for-more-later approaches. We have appended a graphic example of this funding model which helped us to understand this new and innovative concept.

Formally establishing the office of the Vice Chancellor for Research and Economic Development will allow the business community to have a focal point to enjoy with UH Hilo to bring economic stimulation, workforce development, and critical community efforts to a new level. We see this as a two-way exchange between the business community and UH Hilo. With this office, our business community and UH Hilo will have many opportunities to exchange ideas, make suggestions, and develop strategies to help the island of Hawaii. This will, in turn, benefit the entire State.

In the past year, our organizations have already partnered with UH Hilo on several initiatives. We have provided letters of support for proposals to Federal agencies for programs such as the *Rural Child Health Disparity Center - Ku Ike Pono*, *Public Health Violence Prevention on Hawaii Island*, and *Youth Violence Prevention in Rural Hawaii*. We look forward to participating in projects like this for the long-term benefit of all.

The passing of S.B. 1351 insures we will be able to continue further development of the partnership that has already begun. Research and economic development activities are growing and will continue to grow at UH Hilo. Establishment of the Office of Vice Chancellor for Research and Economic Development will provide a formal structure and focal point to strategically coordinate and guide current and future activities that more

strongly unite UH Hilo with the community, local and state governments, federal agencies, and the other UH campuses.

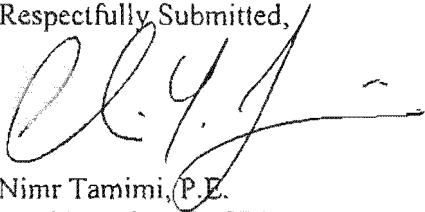
We, the Kanoelehua Industrial Area Association, Hawaii Island Chamber of Commerce, and Japanese Chamber of Commerce & Industry of Hawai'i, respectfully request and urge the committee to pass S.B. 1351.

In summary, we believe that S.B. 1351 establishing the Office of Vice Chancellor for Research and Economic Development will:

- Serve as a liaison between community businesses and UH Hilo
- Stimulate the development of science and technology-related enterprises
- Help to develop a trained workforce to fulfill the jobs of our evolving economy
- Serve as a focal point for public/private partnerships
- Establish, formalize, and focus applied research initiatives at UH Hilo

Mahalo for this opportunity to testify in support of S.B. 1351.

Respectfully Submitted,



Nimr Tamimi, P.E.

President, Board of Directors

Kanoelehua Industrial Area Association

In conjunction with the Hawai'i Island Chamber of Commerce & Japanese Chamber of Commerce and Industry of Hawai'i

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**Maximizing a \$200,000 State Budget Allocation to the UH Hilo  
Office for Research and Economic Development**

*UH Hilo VC-RED Personnel  
\*Possible Funding Scenario*

	General Funds	Soft Money (Federal Grants, Returned Overhead, Private Investment)		Salary
Position 1	\$100,000	+	\$ 75,000 =	\$175,000
Position 2	\$ 50,000	+	\$ 15,000 =	\$ 65,000
Position 3	\$ 25,000	+	\$ 20,000 =	\$ 45,000
Position 4	\$ 15,000	+	\$ 15,000 =	\$ 30,000
Position 5	\$ 10,000	+	\$ 15,000 =	\$ 25,000
<b>Total Salary</b>	<b>\$200,000</b>	+	<b>\$140,000 =</b>	<b>\$340,000</b>

\*Example only: Office of Vice Chancellor for Research and Economic Development personnel to assist with securing soft money to leverage legislature appropriated University funding.