

LATE

SB 1388



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NEIL ABERCROMBIE
GOVERNOR

EXECUTIVE CHAMBERS
HONOLULU

Testimony in **SUPPORT** of SB1388
Relating to the Research Corporation of the University of Hawaii

Committee on Higher Education
Senator Brian Taniguchi, Chair
Senator Gilbert Kahele, Vice Chair

Committee on Economic Development, Government Operations and Housing
Senator Donovan M. Dela Cruz, Chair
Senator Sam Slom, Vice Chair

Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile Shimabukuro, Vice Chair

February 12, 2013
2:45 pm
Room 414

Chair Taniguchi, Vice Chair Kahele, Chair Dela Cruz, Vice Chair Slom, Chair Hee, Vice Chair Shimabukuro and members of the Higher Education, Economic Development, Government Operations and Housing and Judiciary and Labor committees:

The Office of the Governor **supports** Senate Bill 1388, Relating to the Research Corporation of the University of Hawaii. As the Legislature reviews the operations of the University of Hawaii, it is also important to review the Research Corporation. Consideration should be given to the provisions of this bill in order to strengthen the operations of the Corporation.

Changes in the composition of the Board of Directors may help to clarify the role of the RCUH and improve its ability to meet its intended purpose to support research.

Thank you for the opportunity to testify.

NEIL ABERCROMBIE
GOVERNOR



LATE

AARON S. FUJIOKA
ADMINISTRATOR

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STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEES
ON
HIGHER EDUCATION
AND
ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND HOUSING
AND
JUDICIARY AND LABOR

February 12, 2013

2:45 p.m.

SB 1388

RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII.

Chairs Taniguchi, Dela Cruz and Hee, Vice-Chairs Kahele, Slom and Shimabukuro, and committee members, thank you for the opportunity to testify on SB 1388. The State Procurement Office (SPO) supports the intent of this bill.

However, there is no compelling reason to continue a statutory exemption for the Research Corporation of the University of Hawaii (RCUH) from the requirements of the Hawaii Public Procurement Code (Code). To continue a practice that any one entity should be exempt from compliance with HRS chapters 103D conveys a sense of disproportionate equality to the law's application.

If the legislature's intent and policy is to continue to allow RCUH to be exempt from the Code, then the added language which limits the exemption to allow only those contracts directly related to research, and contracts for investigations, training, and studies that are directly related to research, is an improvement.

Thank you.

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ROGER LUKAS, PH.D.

Honolulu, Hawaii 96816 USA

February 12, 2013

Testimony

*Senate Committees on Higher Education
Senate Committee on Economic Development, Government Operations and Housing
Senate Committee on Judiciary and Labor
February 12, 2013, 2:45 pm, Room 414
by Roger Lukas, Oceanographer*

Re: SB1388 – Relating to the Research Corporation of the University of Hawaii

Dear Chairs Taniguchi, Dela Cruz, and Hee; Vice-Chairs Kahele, Slom and Shimabukuro; and Members of the Committees:

Thank you for this opportunity to offer testimony on SB1388. I oppose the present bill.

I've worked as a professor of oceanography at the University of Hawaii at Manoa for more than 30 years conducting research and teaching. I've also worked for the past 15 years through the UH Association of Research Investigators (UHARI) to help improve the essential infrastructure that has allowed the research enterprise in the State of Hawaii to grow remarkably. The Research Corporation of the University of Hawaii (RCUH) has been an essential part of that infrastructure.

This bill would cripple the RCUH in its critical role of providing research and training support services for the University of Hawaii. The University of Hawaii cannot meet all of the requirements of a thriving research enterprise under current law. The need for the RCUH was clearly seen by the Legislature in 1965, and it has succeeded in its mission since that time.

Understanding that accountability is an important responsibility for all State of Hawaii agencies and departments, I can appreciate the intent of portions of this bill. In particular, inclusion on the RCUH Board of a UH faculty member experienced in conducting extramurally-funded research would improve accountability to an important stakeholder group, and would formally provide important expertise to the Board's decision-making.

The extramurally-funded UH research and training enterprise has grown considerably over the last decade. While that growth is directly attributable to the expertise and efforts of the faculty who are the Principal Investigators of most research and training grants and contracts, those efforts would not have been nearly as successful without the critical procurement and human resources support services of RCUH.

Limiting the procurement exemption for the RCUH would have large negative impacts, some sooner than others. The procurement exemption cap in this bill is problematic. The dollar amount of the cap might be made high enough to accommodate reasonably anticipated costs today, but with actual costs for materials, supplies, and services inflating rapidly it could become a severe restriction before long. The current costs of purchasing a ship, a telescope or the exotic materials needed to build a satellite are difficult enough to know now, but those costs will surely be higher in the future.

The need to apply the procurement restrictions in the bill would result in much less timely expenditures as the Executive Director and the Board of Directors would have to interpret the restriction language for each request to ensure compliance. If they err, it will be on the side of caution. Principal Investigators would spend considerably more time to document their requests. This time would reduce their time for research and grant writing, and will reduce their overall effectiveness.

Limiting the salary of the RCUH Executive Director would cripple the ability of the RCUH Board to competitively compensate highly experienced individuals that can be not only be responsible for managing an organization of the size of RCUH, but who can also lead it forward to grow the research and training enterprise in the State of Hawaii.

In this very tight federal funding environment, all research projects are challenged to be as rapidly productive as possible so that future funding will be approved. Time is a critical resource. My colleagues and their supporting staff struggle mightily with existing red-tape at UH. Please do not allow major new barriers to be placed in the way of their continuing to grow vital research and training contributions to economic development in the State of Hawaii.

Sincerely,

A handwritten signature in cursive script that reads "Roger Lukas".

Dr. Roger Lukas