

The Research Corporation of the University of Hawaii



Testimony
 House Committees on Finance
 April 1, 2013
 2:00 p.m. - Conference Room 308
 by Michael P. Hamnett, Executive Director

LATE

Re: Senate Bill 1388, SD2, HD1 – Relating to the Research Corporation of the University of Hawaii

Chair Luke and Members of the Committees, thank you for the opportunity to submit testimony on SB 1388, SD2, HD1. My name is Michael Hamnett and I serve as Executive Director of the Research Corporation of the University of Hawaii.

RCUH offers the following comments on the subject bill:

<p>§304A-3002 <u>Board of Directors Composition</u> Board consists of 8 rather than 10 members. 2 rather than 5 members of the Board of Regents.</p>	<p>COMMENT: Keep the composition at 10 members, 5 BOR members and 5 other appointees. The participation of five (5) BOR members on the RCUH Board is beneficial as there is a better understanding of the importance of RCUH to the UH's research enterprise. The UH comprises approximately 85% of RCUH's volume of business.</p>
<p>§304A-3002 <u>Board of Directors Composition</u></p> <ul style="list-style-type: none"> • Appointment of the remaining 3 members by the Governor from different disciplines. • 1 member appointed by the President of the Senate, • 1 member appointed by the Speaker of the House. • The UH VP for Research being a non-voting ex-officio member of the Board. 	<p>COMMENT: This will provide a good cross-section of representation. RCUH has had individuals from these backgrounds on the Board, which has proven to be very beneficial as issues can be addressed from varying perspectives.</p> <p>COMMENT: The UH VP for Research currently has a standing invitation to attend RCUH Board meetings and participates fully.</p>
<p>§304A-3005(3) <u>Research Corp Exempted from Certain State Laws</u> "Chapter 103D with respect to construction contracts; provided that the exception shall not apply where state funds are used and compliance with chapter 103D is required by a bill enacted by the legislature."</p>	<p>COMMENT: RCUH's exemption from certain state laws provides the necessary flexibility to support the research enterprise.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Removing the President of the UH as President of RCUH.</p>	<p>COMMENT: The involvement of the President of the UH in RCUH activities is important since the University is RCUH's main client (approximately 85% of our business). Close collaboration is important. The President attends Board meetings, but does not have any voting rights.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Capping Executive Director's salary to "no more than two times greater than the salary of the highest paid head of a department within the executive branch."</p>	<p>COMMENT: An appropriate salary is necessary to attract and retain this key management position. The Board determines the Executive Director's salary by comparing it to industry peers in academia, as that is a more appropriate benchmark.</p>

When RCUH was established in 1965, the Legislature had the foresight that it was important for RCUH to function like a business rather than a normal government entity.

"Increasingly, research contracts accepted by the University require rapidity of action and flexibility in operational and financial activities more characteristic of business firms than of governmental agencies. State regulations of many types which control the University's normal functioning do not provide the expeditious managerial environment needed to function in the highly competitive area of science-related activities now involving universities, federal government and private industry."

Standing Committee Report 836, Senate Committee on Ways & Means, 1965

This has served RCUH well throughout its existence and has allowed us to effectively facilitate research and training activities for the University of Hawaii and the State of Hawaii.

Thank you for the opportunity to provide testimony on SB 1388, SD2, HD1.

FINTestimony

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 31, 2013 8:10 PM
To: FINTestimony
Cc: tabraham08@gmail.com
Subject: Submitted testimony for SB1388 on Apr 1, 2013 14:00PM

SB1388

Submitted on: 3/31/2013

Testimony for FIN on Apr 1, 2013 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Lopaka Abraham	Individual	Support	No

Comments: I support passage of this bill to reform the entire University of Hawaii education system

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