



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Telephone: (808) 587-4700
e-mail: state.procurement.office@hawaii.gov
<http://hawaii.gov/spo>

COMMENTS
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS

February 22, 2013

9:00 a.m.

SB 1388 SD 1

RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII.

Chair Ige, Vice-Chair Kidani, and committee members, thank you for the opportunity to comment on SB 1388 SD 1. 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 SPO favors SB1388 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, as oppose SB 1388 SD 1 language, to exempt all contracts except for construction projects.

Thank you.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
February 22, 2013 at 9:00am

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

SB 1388 SD1 – RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII

Chairs Ige, Vice Chair Kidani and members of the Committee:

The University of Hawai'i opposes SB 1388 SD1 in its current form.

The Legislature wisely recognized the unique requirements of the research industry in Hawai'i when it created RCUH in 1965 to support the UH research and training enterprise and afforded RCUH exemptions from constraining practices more appropriate for State operations than the kind of nimble enterprise that can compete for federal and other research and training funding. The flexibility the Legislature provided when it created RCUH has been absolutely essential to UH's research and training enterprise today. And this flexibility will be absolutely essential to supporting our plans to build a one billion dollar research industry in Hawai'i that addresses the problems facing our communities and expands our economy both directly and indirectly.

RCUH's current governance structure, which facilitates close collaboration and mission alignment, contributes directly to this success. UH therefore opposes reducing the number of Regents on the RCUH Board and reducing the UH President's role in RCUH. Limiting RCUH's ability to pay a competitive salary to its Executive Director would also adversely affect its governance and ability to support UH research.

UH also opposes imposing a dollar limit on RCUH's exemption from HRS Chapter 103D. RCUH's procurement flexibility is critical to UH's ability to efficiently administer Federal and other grant funds, including large amounts.

Thank you for the opportunity to testify on this matter.