

Honolulu, Hawaii

FEB 15 2013

RE: S.B. No. 1388

S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committees on Higher Education and Economic Development, Government Operations and Housing and Judiciary and Labor, to which was referred S.B. No. 1388 entitled:

"A BILL FOR AN ACT RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Reduce the number of members of the Board of Directors of the Research Corporation of the University of Hawaii (RCUH) from ten to eight members;
- (2) Reduce the number of members of the Board of Regents of the University of Hawaii (Board of Regents) who must be members of the Board of Directors of RCUH from five to two members and makes them subject to the advice and consent of the Senate;
- (3) Specify the qualifications of the five members of the Board of Directors of RCUH to be selected by the Governor;
- (4) Add the Vice President for Research of the University of Hawaii System as an ex officio member of the Board of Directors of RCUH;



- (5) Provide that RCUH's exemption from the procurement requirements of chapter 103D, Hawaii Revised Statutes (HRS), applies only for contracts that are directly related to research, and contracts for investigations, training, and studies that are directly related to research, with a total maximum estimated value of an unspecified dollar amount;
- (6) Remove the University of Hawaii President's authority to serve as the President of RCUH;
- (7) Authorize the Board of Directors of RCUH to employ an Executive Director whose salary is capped at the salary of the highest paid head of a department within the Executive Branch;
- (8) Authorize the Executive Director of RCUH, rather than the Board of Directors, to hire and oversee necessary officers and employees; and
- (9) Specify that the Board of Directors of RCUH shall not engage in the daily management and operation of RCUH.

Your Committees received testimony in opposition to this measure from the University of Hawai'i System, RCUH, and five individuals. Your Committees received comments on this measure from the Institution for Astronomy and one individual.

Your Committees find that concerns have been raised as to whether RCUH and its Board of Directors have been given a broader range of authority and flexibility than originally intended. Specifically, your Committees are concerned that RCUH's exemptions from certain state laws were used for the construction of the University of Hawaii West Oahu in areas that were clearly instructional and not related in any way to research.

Your Committees further find that this measure will clarify the role of RCUH and its Board of Directors, as well as the relationship between the Board of Directors and the University of Hawaii System.

Your Committees note the testimony of the Board of Directors of RCUH that it should maintain authority to hire staff and determine staff responsibilities and salaries. Your Committees believe it should be the Board of Directors of RCUH to provide



oversight and governance and that the Executive Director should be responsible for the daily management and operations of RCUH. The testimony of RCUH assured your Committees that RCUH's Bylaws clearly provide for this separation of powers between the Board of Directors and the Executive Director over the daily management and operations of RCUH.

Your Committees have amended this measure by:

- (1) Deleting language making the two members of the Board of Regents selected to serve on the Board of Directors of RCUH subject to the advice and consent of the Senate;
- (2) Deleting language limiting RCUH's exemption from the procurement requirements of chapter 103D, HRS, only to contracts that are directly related to research, and contracts for investigations, training, and studies that are directly related to research, with a total estimated value of an unspecified dollar amount or less, and inserting language prohibiting RCUH's use of its procurement exemption for construction contracts for which the total estimated value of state funds to be used is an unspecified amount or more;
- (3) Amending the restriction on the Executive Director's salary to provide that the Executive Director's salary shall not be more than two times greater than the salary of the highest paid head of a department within the Executive Branch, rather than not greater than that of the highest paid department head;
- (4) Deleting language that transferred the authority of the Board of Directors of RCUH to hire, oversee, and grant benefits for officers and employees to the Executive Director;
- (5) Deleting language specifying that the Board of Directors of RCUH shall not engage in the daily management and operation of RCUH; and
- (6) Inserting an effective date of July 1, 2050, to encourage further discussion.



As affirmed by the records of votes of the members of your Committees on Higher Education and Economic Development,



Government Operations and Housing and Judiciary and Labor that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1388, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1388, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Higher Education and Economic Development, Government Operations and Housing and Judiciary and Labor,


DONOVAN M. DELA CRUZ, Chair


BRIAN T. TANIGUCHI, Chair

CLAYTON HEE, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

Bill / Resolution No.:*	Committee Referral: <i>WAM</i>	Date:		
<i>SB 1388</i>	<i>HRE/EGH/JDL_A</i>	<i>2/12/2013</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
KAHELE, Gilbert (VC)	✓			
KEITH-AGARAN, Gilbert S.C.	✓			<i>Excused</i>
IGE, David Y.				✓
KIDANI, Michelle N.	✓			
TOKUDA, Jill N.				✓
SLOM, Sam	✓			
TOTAL	<i>5</i>			<i>2</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <i>Gilbert Keleka</i>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Economic Development, Government Operations and Housing
EGH

Bill / Resolution No.:* SB 1388	Committee Referral: ARE/EGH/JDL, WAM	Date: 2/13/13
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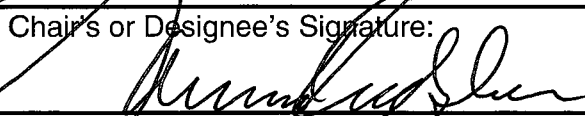
The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
SLOM, Sam (VC)	X			
BAKER, Rosalyn H.				X
CHUN OAKLAND, Suzanne	X			
ENGLISH, J. Kalani	X			
THIELEN, Laura H.	X			
WAKAI, Glenn				X
TOTAL	5	0	0	2

Recommendation: Adopted Not Adopted

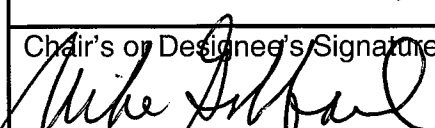
Chair's or Designee's Signature:


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The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Judiciary and Labor
JDL

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 1388	HRE/EGH/JDL, WAM	02-13-2013		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
HEE, Clayton (C)	✓			
SHIMABUKURO, Maile S.L. (VC)				✓
GABBARD, Mike	✓			
IHARA, Jr., Les				✓
SLOM, Sam	✓			
TOTAL	3	-	-	2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:	Original	Yellow	Pink	Goldenrod
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