

The Research Corporation of the University of Hawaii



Human Resources Department

Testimony of the Research Corporation of the University of Hawaii
Before the House Committee on Higher Education
Conference Room 309
February 12, 2015 – 2:00 pm

In Support of the study proposed in
HB556, HD1, RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
(Opposed to HB556 in its original version)

by
Nelson Sakamoto, Director of Human Resources on behalf of Michael Hamnett, Executive Director

Committee Chair Choy, Vice Chair Ichiyama and Members of the Committee:

The Research Corporation of the University of Hawaii **supports the study proposed** in H.B. 556, HD1. We oppose HB556 in its original version.

Fifty years ago during the 1965 Legislative Session, an astute Legislature and Governor John A. Burns established a public corporation called the Research Corporation of the University of Hawaii (RCUH). The RCUH was created to provide the University of Hawaii and State of Hawaii with (quoting from the 1965 Standing Committee Report) a “more flexible and streamlined method of operation than is permitted the usual operations of State agencies. In short, the University must be able to function in certain research activities more like a business.....”. This would enable the University “to bring their maximum capability to bear on research programs of great value to the institution and the state.” The justification for creating the RCUH fifty years ago remains the same: “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 type 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.” For fifty years the RCUH has done its job for both the University and the State of Hawaii.

- **Flexible and Streamlined Method of Operations:** An example of RCUH’s flexible and streamlined human resources function shows in FY2013-14 the RCUH hired 1,498 employees (543 were Regular status, 955 were temporary status) and terminated 1,620 employees (544 were Regular status, 1,076 were temporary status). We conducted 634 recruitments, of which 282 were new job classifications. For each workday, the RCUH is classifying 1 new job, conducts 2.5 recruitments, hires 6 and terminates 6.5 employees. Many of these new hires are University graduates with degrees in Science, Technology and Engineering.
- **Function More Like a Business:** The RCUH operates with highly efficient and cost-effective business processes. RCUH’s business throughput (e.g, administrative costs to volume of business) for FY2012-13 = 1.4% and FY2013-14 = 1.8%. By any measurement this is extraordinary. This has been an immense cost saving for the University and the State.
- **No State Appropriations – Solely by Management Fees:** All of this is accomplished with no State appropriations. The RCUH has operated solely on management fees it charges the University and other client users of its services.

The RCUH opposes any effort to diminish its ability to provide a competitive advantage to the University of Hawaii in the highly competitive arena of federal research contracts/grants. No other comparably sized private or public organization can compare with the RCUH’s business efficiencies. Any modification to Chapter 304A, Hawaii Revised Statutes will take away many one-of-a-kind job opportunities for UH graduates with science, technology and engineering degrees.

In closing and in support of H. B. 556, HD1, we believe the 2015 Legislature will act as astutely as its 1965 counterparts and maintain the RCUH’s ability to operate with flexibility, responsiveness, and in a business-like fashion. “If it’s not broke, don’t fix it.”

Thank you for considering our testimony.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

LATE

The Twenty-Eighth Legislature, State of Hawaii
House of Representatives
Committee on Higher Education

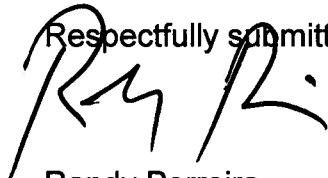
Testimony by
Hawaii Government Employees Association
February 12, 2015

H.B. 556, H.D. 1– RELATING TO THE
RESEARCH CORPORATION OF
THE UNIVERSITY OF HAWAII

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO respectfully requests that the Committee on Higher Education restore H.B.556, H.D.1 to its original language as contained in H.B. 556. Reducing the legislation to a study, as outlined in the H.D. 1, fails to moderate the excessive use of exemptions and continues to allow recruitment through the Research Corporation of the University of Hawaii (RCUH) when a position should be classified as a Board of Regent appointee.

There needs to be greater clarification within Chapter 304A-3005, Hawaii Revised Statutes, regarding the employment and use of the RCUH when hiring for positions that are customarily and historically placed within a bargaining unit. We have neither desire nor expectation to convert existing RCUH incumbent employees into an appropriate bargaining unit. Rather, the objective of this measure is for the University of Hawaii to critically review all newly created and vacant positions to determine whether the position meets the criteria to be hired through RCUH, or whether the position should be hired via the University of Hawaii. Greater accountability and transparency in how research funds are expended will be achieved through this review process.

Thank you for the opportunity to provide testimony on H.B. 556, H.D. 1, with the request to restore the bill to its original form.

Respectfully submitted,

Randy Perreira
Executive Director

ichiyama2-Brandon

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To: HEDtestimony
Cc: milne.family@yahoo.com
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HB556

Submitted on: 2/11/2015

Testimony for HED on Feb 12, 2015 14:03PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Cris Milne	Individual	Oppose	No

Comments:

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ichiyama2-Brandon

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HB556

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Submitted By	Organization	Testifier Position	Present at Hearing
Lorna Nagamine	Individual	Oppose	No

Comments:

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HB556

Submitted on: 2/11/2015

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Submitted By	Organization	Testifier Position	Present at Hearing
Debra Ogata-Arakaki	Individual	Oppose	No

Comments:

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