

STAND. COM. REP. NO. 1304

Honolulu, Hawaii

MAR 30 2021

RE: S.C.R. No. 183  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred  
S.C.R. No. 183 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE UNIVERSITY OF  
HAWAII TO CONVENE A TASK FORCE TO REVIEW ITS ARRANGEMENT FOR  
SERVICES WITH THE RESEARCH CORPORATION OF THE UNIVERSITY OF  
HAWAII,"

begs leave to report as follows:

The purpose and intent of this measure is to request the  
University of Hawaii (University) to convene a task force to  
examine and assess the reasonableness, necessity, and feasibility  
of each of the terms and conditions of its arrangement for  
services with the Research Corporation of the University of Hawaii  
(RCUH); determine whether amendments are warranted; and propose  
amendments.

Your Committee received comments on this measure from the  
University of Hawai'i System and Research Corporation of the  
University of Hawai'i.

Your Committee finds that the University is the only system  
of public education in Hawaii that is supported by state funds,  
uses public land set aside for university purposes, and is  
continually supported by other public resources. The RCUH is a  
public instrumentality of the State that is a part of the  
University, having the mission of supporting and enhancing



research, development, and training in Hawaii, with a focus on the University. To carry out its purposes and objectives, the RCUH is granted flexibility in the hiring of its personnel and in the handling and disbursement of monies, by being excepted from various state laws, including the obligations to reimburse the state general fund for central service and administrative expenses; certain provisions of the Hawaii Public Procurement Code; Civil Service Law; law relating to public employment; and laws relating to collective bargaining in public employment.

When the University determines that neither it nor another state agency can more effectively or efficiently accomplish the purposes of sponsored research and training activities, it must contract with the RCUH to receive management and other services to support such research and training activities. The terms and conditions of the services provided by the RCUH to the University, including the factors and method by which fees charged by the RCUH are computed, are set forth in an agreement (Service Agreement) between the two parties.

Your Committee finds that concerns have been raised over the transparency of the RCUH's operations and its handling of expenses, as well as the increasing amount of fees it charges and collects from the University. Thus, your Committee believes that the task force created under this measure should not merely review, but also examine and assess the terms and conditions of the Service Agreement and propose amendments thereto to ensure that the fees committed and paid by the University to the RCUH are reasonable and commensurate with and balanced against the needs, priorities, and other demands placed on the University's limited resources.

Accordingly, your Committee has amended this measure by:

- (1) Amending its title in accordance with its amended purpose;
- (2) Inserting language explaining that when the University contracts out sponsored research and training activities to the RCUH, it retains portions of the extramural funds and grants it receives, as internal costs computed by using certain internal costs rates;



- (3) Amending the composition of the task force by including the Director of Finance of the RCUH and reducing the number of members representing the University from four to three;
- (4) Inserting as items requested to be included in the task force's report to the Legislature, the breakdown of the extramural funds and grants received by the University, including the amount of internal costs retained by the University, the formulae and rates used to compute the internal costs, and how the University spent the internal costs; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee concurs with the intent and purpose of S.C.R. No. 183, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 183, S.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Higher Education,



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DONNA MERCADO KIM, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Higher Education**  
**HRE**

Bill / Resolution No.:*	Committee Referral:	Date:		
SCR 183	HRE	3/25/21		
<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
KIM, Donna Mercado (C)	/			
KIDANI, Michelle N. (VC)	/			
KEITH-AGARAN, Gilbert S.C.				/
WAKAI, Glenn	/			
FEVELLA, Kurt				/
<b>TOTAL</b>	<b>3</b>			<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
<b>Distribution:</b> Original                      Yellow                      Pink                      Goldenrod File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy				

\*Only one measure per Record of Votes