

Honolulu, Hawaii

FEB 18 2022

RE: S.B. No. 2304
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred
S.B. No. 2304 entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify that the purpose of the Research Corporation of the University of Hawaii is to promote educational, scientific, and literary pursuits through research, training of research personnel, and dissemination of knowledge by publication of research findings; and
- (2) Limit undertakings of the Research Corporation of the University of Hawaii to matters that are reasonably necessary to carry out its purpose.

Your Committee received testimony in support of this measure from the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO. Your Committee received testimony in opposition to this measure from the University of Hawai'i System, Research Corporation of the University of Hawai'i, and twenty-five individuals.



Your Committee finds that the Research Corporation of the University of Hawaii was established in 1965 for the purposes of promoting, encouraging, initiating, developing, and conducting scientific research and investigation in all branches of learning, and disseminating to the public, the benefits of such research and investigation. To promote cooperative research projects with private firms and persons, the Legislature at the time granted the Research Corporation of the University of Hawaii with flexibility in the hiring of its personnel and the handling of disbursement moneys by exempting it from state laws relating to reimbursement of special funds to the state general funds.

However, the Research Corporation of the University of Hawaii has gradually expanded its undertakings into areas beyond its original eponymous purpose, and the benefits of exemptions from statutory requirements granted years ago have been extended to apply beyond what was originally intended by the Legislature.

Additionally, your Committee also notes that any amendments made to Administrative Procedures 12.204 (AP 12.204), relating to guidelines and procedures for revolving fund service orders to the Research Corporation of the University of Hawaii, require notification to the Legislature. Therefore, your Committee respectfully requests that your Committee on Ways and Means consider amending this measure to include a requirement for the University of Hawaii to report to the Legislature any amendments to AP 12.204 within thirty days of adoption by both the University and the Corporation.

Your Committee notes that S.B. No. 3267 (Regular Session of 2022), is a substantially similar measure that also allows the Research Corporation of the University of Hawaii to enter into contracts with the University of Hawaii for the purposes of supporting or facilitating sponsored research and training activities, or for advancing innovation in the State. Your Committee concludes that the language in S.B. No. 3267 is partially preferable because it also allows for innovation of entrepreneurship activities.

Your Committee has amended this measure by:



- (1) Deleting the contents of section 2 and inserting the contents of section 1 of S.B. No. 3267, a substantially similar measure, which:
 - (A) Authorizes the University of Hawaii to enter into contracts with the Research Corporation of the University of Hawaii for the purposes of supporting or facilitating sponsored research and training activities or for advancing innovation and entrepreneurship in the State; and
 - (B) Requires the University of Hawaii to consult with employee unions to review conformance of positions with exceptions to collective bargaining for the employment of personnel.
- (2) Prohibiting the Research Corporation of the University of Hawaii to supplant civil servants, and in the event of any transfers of personnel to the Corporation, a justification must be provided and approved by the Governor and requiring that the Corporation provide quarterly and end-of-year reports to the Legislature on all affected programs and personnel;
- (3) Authorizing the Research Corporation of the University of Hawaii to continue and uphold any contracts enacted prior to the approval of this measure but shall not enter into new contracts that conflict with this measure upon its enactment;
- (4) Authorizing the Research Corporation of the University of Hawaii to engage in minor renovation projects in support of research and training that do not exceed \$2 million;
- (5) Requiring all Research Corporation of the University of Hawaii accounts to follow internal policies and laws governing the Corporation, and follow Administrative Procedures 12.204, relating to the guidelines and procedures for revolving fund service orders to the Research Corporation of the University of Hawaii;



- (6) Requiring the Research Corporation of the University of Hawaii to report all internal service orders and revolving accounts utilizing University of Hawaii intramural funds to the Legislature on an annual basis;
- (7) Requiring the University of Hawaii and the Research Corporation of the University of Hawaii to review and approve all revolving accounts on an annual basis; and
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee respectfully requests your Committee on Ways and Means to examine the feasibility of rolling over contracts and whether the agreements are nullified upon approval of this measure.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2304, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2304, S.D. 1, and be referred to your Committee on Ways and Means.

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



DONNA MERCADO KIM, Chair



