



**STATE OF HAWAII
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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
HOUSE COMMITTEE
ON
FINANCE

April 1, 2013

2:00 p.m.

SB 1388, SD2, HD1

RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII.

Chair Luke, Vice-Chair Nishimoto, Vice-Chair Johanson, and committee members, thank you for the opportunity to testify on SB 1388, SD2, HD1.

The State Procurement Office's (SPO) testimony is limited to SECTION 3. SPO opposes the provisions that exempt the Research Corporation of the University of Hawaii (RCUH) from the requirements of the Hawaii Public Procurement Code (Code). There is no compelling reason to continue a statutory exemption that allows an entity to be exempt that conveys a sense of disproportionate equality to the laws application.

Thank you.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
April 1, 2013 at 2:00pm

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

SB 1388 SD2 HD1 – RELATING TO THE RESEARCH CORPORATION OF THE
UNIVERSITY OF HAWAII

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the Committee:

The University of Hawaii'i opposes SB 1388 SD2 HD1 in its current form.

The Legislature wisely recognized the unique requirements of the research industry in Hawaii'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 Hawaii'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 any changes to the composition of 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 any modifications to 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.