

SB 1388

Testimony

- Measure Title: RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII.
- Report Title: Research Corporation of the University of Hawaii; University of Hawaii Board of Regents; Procurement; Board of Directors
- Description: Reduces the number of members of the board of directors of the research corporation of the University of Hawaii from ten to eight members. Reduces the number of members of the board of directors that must be members of the board of regents from five to two and makes them subject to the advice and consent of the senate. Specifies the qualifications of the five members to be selected by the governor. Adds the vice president for research of the University of Hawaii system as an ex officio member of the board of directors. Amends section 304A-3005, HRS, to provide that the research corporation's exemption from the procurement requirements of chapter 103D, 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 estimated value of an unspecified dollar amount or less. Removes the university president's authority to serve as the president of the research corporation. Authorizes the board of directors to employ an executive director of the research corporation. Caps the executive director's salary at the salary of the highest paid head of a department within the executive branch. Authorizes the executive director rather than the board of directors to hire and oversee necessary officers and employees. Specifies that the board of directors shall not engage in the daily management and operation of the research corporation.
- Companion:
- Package: None
- Current Referral: HRE/EGH/JDL, WAM
- Introducer(s): KIM



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Higher Education
And
Economic Development, Government Operations and Housing
And
Judiciary and Labor
February 12, 2013 at 2:45pm
by
James R. Gaines
Vice President for Research, University of Hawaii'i

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

Chairs Taniguchi, Dela Cruz, and Hee, Vice Chairs Kahele, Slom, and Shimabukuro and members of the Committees:

The University of Hawaii'i opposes SB 1388 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 reducing the number of Regents on the RCUH Board and reducing the UH President's role in RCUH. In addition, Regents already are subject to the advice and consent of the Senate before becoming Regents, and requiring a second confirmation process for service on the RCUH Board would be unnecessary and redundant. 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 imposing a dollar limit on 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.

The Research Corporation of the University of Hawaii



Testimony to the Senate Committee on Higher Education
 February 12, 2013, 2:45
 Conference Room 414
 by Michael P. Hamnett, Executive Director

Re: Senate Bill 1388 – Relating to the Research Corporation of the University of Hawaii

Chair Taniguchi and members of the Committee, thank you for the opportunity to submit testimony on SB 1388. My name is Michael Hamnett and I have served as Executive Director of the Research Corporation of the University of Hawaii since June of 2004.

RCUH opposes SB 1388 in its present form.

<p>§304A-3002 <u>Board of Directors Composition</u> Board consists of 8 rather than 10 members. 2 rather than 5 members of the Board of Regents subject to the advice/consent of the senate.</p>	<p>DISAGREE Keep the composition at 10 members, 5 BOR members and 5 gubernatorial appointees. The participation of five (5) BOR members on the RCUH Board is beneficial as there is a better understanding of the importance of RCUH to the UH's research enterprise. Delete the "subject to the advice/consent of the senate" since the individuals appointed to the BOR already go through a confirmation process with the Senate; this is redundant.</p>
<p>§304A-3002 <u>Board of Directors Composition</u></p> <ul style="list-style-type: none"> • Appointment of the remaining 5 members by the Governor from different disciplines. • The UH VP for Research being a non-voting ex-officio member of the Board. 	<p>AGREE This will provide a good cross-section of representation. RCUH has had individuals from these backgrounds on the Board, which has proven to be very beneficial as issues can be addressed from varying perspectives.</p> <p>AGREE The UH VP for Research currently has a standing invitation to attend RCUH Board meetings and participates fully.</p>
<p>§304A-3005 <u>Research Corp Excepted from Certain State Laws</u> "provided that the exemption shall be limited 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 \$xxx or less"</p>	<p>DISAGREE There should not be any dollar value limitation on RCUH's exemption from Chapter 103D for research and training activities; otherwise, RCUH will not be able to maintain its flexibility to insure a competitive research and training enterprise at the University of Hawaii and for the State of Hawaii. Placing restrictions on RCUH's exemption to Chapter 103D would adversely impact the University's and State's abilities in the research arena.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Removing the President of the UH as President of RCUH.</p>	<p>DISAGREE The involvement of the President of the UH in RCUH activities is important since the University is RCUH's main client (approximately 85% of our business). Close collaboration is important. The President attends Board meetings, but does not have any voting rights.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Capping Executive Director's salary to "no more than the salary of the highest paid head of a department within the executive branch.</p>	<p>DISAGREE An appropriate salary is necessary to attract and retain this key management position. The Board determines the Executive Director's salary by comparing it to industry peers in academia, as that is a more appropriate benchmark.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Transferring authority from the Board of Directors to the Executive Director to set employees' duties, responsibilities, salaries </p>	<p>DISAGREE The RCUH Board of Directors provides oversight and governance on RCUH affairs. The Board ensures a balanced perspective on key business issues and strategies. This is standard practice of other governing boards. Therefore, the RCUH's Board's role and authority should remain status quo.</p>

<p>§304A-3006 <u>Officers and employees of the Research Corp</u> "The Board of Directors shall not engage in the daily management or operation of the research corporation."</p>	<p>DISAGREE Not necessary as it is clear per the RCUH Bylaws that the Executive Director is responsible for the daily management and operations of RCUH.</p>
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When RCUH was established in 1965, the Legislature had the foresight that it was important for RCUH to function like a business rather than a normal government entity.

*"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 types 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."
 Standing Committee Report 836, Senate Committee on Ways & Means, 1965*

This has served RCUH well throughout its existence and has allowed us to effectively facilitate research and training activities for the University of Hawaii and the State of Hawaii.

Thank you for the opportunity to provide testimony on SB 1388.

The Research Corporation of the University of Hawaii



Testimony
 Senate Committees on Higher Education
 Senate Committee on Economic Development, Government Operations and Housing
 Senate Committee on Judiciary and Labor
 February 12, 2013
 2:45 p.m. - Conference Room 414
 by Robert Dewitz – Chairman of the Board of Directors

Re: Senate Bill 1388 – Relating to the Research Corporation of the University of Hawaii

Chairs Taniguchi, Dela Cruz, Hee and Members of the Committees, thank you for the opportunity to submit testimony on SB 1388. My name is Robert Dewitz, and I am presently the Chairman of the Board of Directors of RCUH, and have served on the Board since 2009. My background is strictly from the private sector. I have owned a number of businesses over the years, including firms that did an extensive amount of contracting for the federal government, so I have a working knowledge of both Federal and State procurement regulations. As a business owner and, frankly, one who is highly skeptical of the cost efficiency and overall effectiveness of government agencies in general, I approach my duties at RCUH with a very critical perspective. I am pleased to report to you that I find RCUH to be both efficient and effective in its mission. RCUH, through its Executive Director, has submitted comprehensive testimony on the bill, but I would like to augment that with my personal comments on a couple of specific items in this bill:

<p>§304A-3005 <u>Research Corp Excepted from Certain State Laws</u> "provided that the exemption shall be limited 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 \$xxx or less"</p>	<p>DISAGREE I do not see any value or merit in limiting RCUH flexibility with respect to research and similar contracts. There are some surprisingly large grants that flow through RCUH, and placing a dollar value limitation on the exemption would end up hamstringing RCUH in carrying out its mission.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Capping Executive Director's salary to "no more than the salary of the highest paid head of a department within the executive branch.</p>	<p>DISAGREE I and other Board members from the private sector are extremely sensitive to executive salary levels. In the case of the RCUH Executive Director, it is essential to the effective functioning of the organization that this person be from academia and truly understand the R&D/Grant arena and be able to "speak the language" of the researchers who bring in these grants. Accordingly, the Exec. Director should have a strong academic/research background – preferably first-hand experience in getting grants – and it is therefore more appropriate that his/her salary be determined relative to comparable positions in academia rather than in government. I believe as long as RCUH has a well balanced Board, it will ensure that the E.D. salary level is appropriate.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Transferring authority from the Board of Directors to the Executive Director to set employees' duties, responsibilities, salaries </p>	<p>DISAGREE This change could lead to an overly powerful Exec. Director with the potential for abuse, without the Board having the ability to oversee and check that potential abuse of position. Therefore, the RCUH's Board's role and authority should remain status quo.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> "The Board of Directors shall not engage in the daily management or operation of the research corporation."</p>	<p>DISAGREE In my experience, the Board has never sought to micro-manage the operations of RCUH, but does provide appropriate oversight and governance on RCUH affairs. This provision is not necessary as it is clear per the RCUH Bylaws that the Executive Director is responsible for the daily management and operations of RCUH.</p>

Thank you for the opportunity to provide testimony on SB 1388.

Personal Testimony to the Senate Committee on Higher Education
February 12, 2013, 2:45 pm
Conference Room 414
by Brian Taylor

Re: Senate Bill 1388 – Relating to the Research Corporation of the University of Hawaii

Chair Taniguchi and members of the Committee, thank you for the opportunity to submit testimony on SB 1388. My name is Brian Taylor and I serve as the Dean of the School of Ocean and Earth Science and Technology at the University of Hawaii at Manoa.

I oppose SB 1388 in its present form, notwithstanding its good intent to clarify the role of RCUH and its Board with that of UH and its Board.

The perspective that I bring to this bill is that of the Dean of SOEST: the single largest research enterprise at the University of Hawaii. SOEST extramural funding in FY2012 of \$112M accounted for one third of extramural funding at UH Manoa and about one quarter for the ten-campus UH system. SOEST is a major user of RCUH services, especially procurement and personnel (e.g., \$22M payroll for ~400 support staff). *It is imperative for the continued success of our research programs and their positive impact on the State economy and jobs that the relationship between UH and RCUH remain strong and that RCUH continue to be able to expertly facilitate our many projects.*

Instead, SB 1388 proposes modifications to the Hawaii Revised Statutes that in most instances would weaken the relationship between UH and RCUH.

SB 1388 would modify HRS Section 304A-3002 by reducing the RCUH Board Members from ten to eight, decreasing the Members appointed by the UH BOR from five to two, and would modify HRS section 304A-3006 by removing the UH President as the President of RCUH. These measures would distance the two Boards and weaken the engagement of the UH with the RCUH, when it is principally UH that RCUH is meant to, and indeed does, serve. And, as the members of the UH BOR are already subject to a Senate confirmation process, the proposal to further modify HRS Section 304A-3002 by subjecting UH BOR appointees to the RCUH Board to Senate advice/consent seems redundant.

In contrast, I could support the proposed SB 1388 modification of HRS Section 304A-3002 that details the representation of the Governors five appointees, and adds the UH Vice President for Research as a non-voting ex officio member of the RCUH Board. Although not necessary, these are constructive amendments that could augment the RCUH Boards representation and engagement with stakeholders and the public.

SB 1388 also proposes to modify HRS 304A-3005 by placing a dollar limit on RCUH's exemption from Chapter 103D for research and training activities. Such a restriction would run directly counter to having RCUH help facilitate expansion of the UH research enterprise. In the absence of any such restriction on RCUH, SOEST has been able to double

its extramural funding in the last decade and now procures more than \$50M annually through RCUH.

SB 1388 also proposes to modify HRS 304A-3006 by changing the role of the RCUH Board, and expanding the authority yet limiting the compensation of the RCUH Executive Director. The present system of having the RCUH Board provide governance and oversight, and determine employee benefits and compensation, is typical of other comparable Boards. Concentrating so much power as SB 1388 proposes in one individual (the RCUH Executive Director), and then limiting his/her compensation (such that they could hardly be recruited or retained) would be counter-productive.

As you consider SB 1388, please maintain the strong relationship between UH and RCUH and do not compromise RCUH's ability to expertly facilitate the expanding research and training programs at UH.

Testimony Submitted to the
Senate Committee on Higher Education
Senate Committee on Economic Development, Government Operations and Housing
and
Senate Committee on Judiciary and Labor

Tuesday, February 12, 2013 @ 2:45 p.m.
Conference Room 414

by
Günther Hasinger
Director, Institute for Astronomy

SB 1388 RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF
HAWAII

Chairs Taniguchi, Dela Cruz, and Hee, Vice Chairs Kahele, Slom, Shimabukuro and
members of the committee:

The Institute for Astronomy (IfA) welcomes this opportunity to provide **comments** on
SB1388.

The IfA strongly supports the role of the Research Corporation of the University of
Hawaii (RCUH) in providing personnel and procurement services for UH extramurally
funded programs. The IfA annually utilizes RCUH services for approximately
\$20,000,000 of research and training funds to hire temporary personnel and to process
research related procurements. The flexibility provided by RCUH allows IfA to meet the
needs of our funding agencies and Principal Investigators on a timely and consistent
basis. To win these extramural funds, the IfA must compete with the best universities
nationwide. Without the flexibility and streamlined procedures provided by RCUH, our
researchers would be at a distinct disadvantage with a resulting significant loss in
extramural funding.

Testimony Concerning SB 1388:

I am writing to request that the Hawai'i Senate reject bill SB 1388, regarding the status of the Research Corporation of the University of Hawai'i (RCUH). I am a long time faculty member at UH Hilo, and I have recently taken on an interim position in research administration for the campus. I have written many grant proposals in my 35 years with UH Hilo, and I have been awarded over \$30 million dollars in grants which I have written and/or served as Principal Investigator. These grants have been for research focused on the health of Hawai'i's people and/or have involved enhanced opportunities for undergraduate student education, with the majority of the grants providing employment for these students. These grants are all awarded with requirements for annual reports showing substantial progress on project goals. My ability to carry out these grants in the timely manner required by grant sponsors has depended upon the flexibility given to RCUH in procurement and human resources.

I also wish to testify to the importance of the excellent communication between UH and RCUH. RCUH has been very sensitive to the needs of the faculty, staff and students of the University, and the University has been cognizant of the fiduciary and ethical concerns of RCUH. This outstanding communication has been aided by the dual role of the UH President as the President of RCUH, and the overlap in board members among the two institutions. I therefore believe that the actions called for in bill SB 1388 will be counterproductive, reducing my ability to garner extramural funds that are so crucial for meeting the University's goals of instruction, scholarship, and value to the community.

Thank you for your consideration.

Daniel E. Brown
Interim Vice Chancellor for Research and Professor of Anthropology
University of Hawai'i at Hilo

Thomas A. Schroeder
2770 B La-I Road
Honolulu, HI 96816-3518

February 10, 2013

Testimony of SB 1388

Opinion: Oppose in current form

Ladies and Gentlemen,

I recently retired after 37 years at the University of Hawaii , the last 16 as Director of the Joint Institute for Marine and Atmospheric Research (JIMAR). JIMAR is a \$15 million per year program supporting 150 employees . RCUH is essential to the success of JIMAR . RCUH is vital to other research operations such as the UH Marine Center, Mauna Kea astronomy and remote field programs.

I, among others, have been concerned about "mission drift" at RCUH. Research investigators do attend the RCUH Board meetings and have expressed our concerns over the drift, especially as demonstrated in the West Oahu story.

SB1388 addresses these concerns but in its current form raises new issues. The revised Board membership suggests the possibility of renewed independence for RCUH (good). Placing a research faculty member on the Board adds representation for the historically primary constituency of the corporation.

Two worrisome items are the modification to the procurement code exemption (limit unspecified) and the limitation of the Director's salary. My standard comment to questions about RCUH procurement exemption is "what do we do if we need emergency ship repairs in Guam?". Pegging the Director's compensation to state agency heads seems as state impingement on RCUH independence.

I am concerned that this is a move to structural change in response to actions of individuals in lieu of dealing with those individuals directly. As a colleague often has reminded me "Be sure you do no harm."

Sincerely,

Thomas A. Schroeder

**SENATE COMMITTEE ON HIGHER EDUCATION
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, GOVERNMENT
OPERATIONS AND HOUSING
SENATE COMMITTEE ON JUDICIARY AND LABOR
Tuesday, February 12, 2013**

TESTIMONY OF HAROLD S. MASUMOTO

SB. 1388 - Relating to the Research Corporation of the University of Hawaii

Good afternoon.

Thank you for the opportunity to provide testimony on Senate Bill 1388. I must confess it has been a long time since I have testified before a Legislative Committee so please excuse me if don't follow the proper protocols.

I agree with what I believe is the intent of Senate Bill 1388 -- an evaluation of the operations of RCUH and the prevention of misuse of the flexibility granted to RCUH to support research and training activities for the University of Hawaii and for the State of Hawaii. While I support what I believe is the underlying intent of the bill, as well as some of the changes being proposed, there are also some provisions that I do not agree with. Before getting to the details, I request your indulgence in allowing me to provide the perspective from which I am viewing the changes being proposed in the bill. I was around when Act 209 was enacted in 1965 which created RCUH and am familiar with the intent and purposes of the original legislation. I was the Executive Director of RCUH in 1995 when the legislation was enacted taking the President, Director of Research and the Director of DBEDT off the Board and replacing them with five Regents.

The utilization of RCUH by the University of Hawaii has become an issue because in its evolution over time, the original intent for the establishment of the entity, which was when it was "necessary" to use RCUH for the timely meeting of the objectives of research and training contracts and grants (primarily federal) became when it was "convenient" to use RCUH. I must confess that when I was Executive Director, RCUH was party to expanding the definition of "necessary" in certain situations. But we made sure that it was open and transparent. For example, your legislative predecessors, and maybe some of you yourselves, may have been party to stretching the definition of "necessary" in enacting Act 4, Third Special Session of 2002, by which RCUH was authorized to hire temporary workers to eradicate mosquitos (dengue fever) and Miconia.

I understand that there is a concern about RCUH being utilized for major construction projects on behalf of the University, and SB 1388 as drafted will limit such usage. Again, let me point out that construction projects have always been a part of the RCUH portfolio. For example, the current Cancer Center on Lauhala Street behind Queen's Hospital was built by RCUH during the early 1970's. The relocation of facilities at

Testimony of Harold S. Masumoto
S.B. 1388
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Kapiolani Community College necessary for the construction of the Film Studio at Diamond Head was built by RCUH. The Medical School in Kakaako was built by RCUH (2004). In all instances however, I believe there was strong nexus to either research and/or economic development.

However, in the mid 2000's, what I call the "convenience" standard came into play and RCUH was used in the construction of UH West Oahu. My personal interpretation is that West Oahu does not meet the "research or training" criteria for which RCUH was created, nor did the Legislature override that requirement which it could have done by statute or even by a proviso in the appropriations bill authorizing the funding for the college.

Please note that I am making a distinction between "training" and "instruction" My understanding is that the facilities at West Oahu are primarily for regular degree granting instruction, and not for temporary or intermittent training. I am pointing out the distinction because I believe the flexibility granted to RCUH to support "training", including the construction of facilities, should not be taken away. For instance I can see a situation arising in the foreseeable future where a federal agency like AID provides funding for facilities for training aid workers for deployment in Asia (which happened in the late sixties and seventies).

Having said all the above, my specific comments are:

That a change in the composition of the Board of Directors is probably good. Having faculty researchers represented makes sense. Maybe a campus head should be on as well. However, I disagree that the Regent members, if any, should be confirmed again by the Senate.

I strongly believe that "training", even if not related to research, should be retained as part of RCUH's portfolio. And construction should also be allowed, but within a set limit when state funds are involved (I believe if the situation warrants, the Legislature can override the limitation on a case by case basis).

It is dangerous to give the Executive Director such unbridled power as provided in the bill.

Finally, I believe the limitation on the salary of the Executive Director is unrealistic. At the minimum it should be "not more than two times" rather than "not higher than a state department head."

Thank you.

Testimony to the Senate Committee on Higher Education
by Jerris R. Hedges, MD, MS, MMM

Re: Senate Bill 1388 – Relating to the Research Corporation of the University of Hawaii (RCUH)

Chair Taniguchi and members of the Committee, I am submitting testimony requesting that SB1388 either be withdrawn or extensively modified. Although I submit this testimony as a concerned citizen, I also serve as the Dean of the John A. Burns School of Medicine. The School is dependent upon an efficient RCUH for the execution of federal grants and contracts bringing over \$40 M to the state economy each year. A number of the proposed actions in SB1388 will severely impair the ability of the School and other components of the University to serve the state.

Please see the following summary of proposed language and specific comments related to the bill.

<p>§304A-3002 <u>Board of Directors Composition</u> Board consists of 8 rather than 10 members. 2 rather than 5 members of the Board of Regents (BOR) subject to the advice/consent of the senate.</p>	<p>DISAGREE Keep the composition at 10 members, 5 BOR members and 5 gubernatorial appointees. The participation of five (5) BOR members on the RCUH Board is highly desirable, given the service of RCUH to UH. Delete the “subject to the advice/consent of the senate” as the individuals appointed to the BOR already go through a confirmation process with the Senate; this language is redundant.</p>
<p>§304A-3002 <u>Board of Directors Composition</u></p> <ul style="list-style-type: none"> • Appointment of the remaining 5 members by the Governor from different disciplines. • The UH VP for Research being a non-voting ex-officio member of the Board. 	<p>AGREE This will provide a good cross-section of representation. RCUH has had individuals from these backgrounds on the Board, which has proven to be very beneficial as issues can be addressed from varying perspectives.</p> <p>AGREE The UH VP for Research currently has a standing invitation to attend RCUH Board meetings and participates fully.</p>
<p>§304A-3005 <u>Research Corp Exempted from Certain State Laws</u> “provided that the exemption shall be limited 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 \$xxx or less”</p>	<p>DISAGREE There should not be any dollar value limitation on RCUH’s exemption from Chapter 103D for research and training activities; otherwise, RCUH will not be able to maintain its flexibility to insure a competitive research and training enterprise at the University of Hawaii and for the State of Hawaii. Placing restrictions on RCUH’s exemption to Chapter 103D also would adversely impact the University’s and State’s abilities in the research arena. The scope of RCUH must include the construction of facilities and acquisition of other resources essential to the conduct of research in the state of Hawaii. Otherwise, we will not have the infrastructure needed to fully execute federal grants and contracts.</p>

<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Removing the President of the UH as President of RCUH.</p>	<p>DISAGREE The involvement of the President of the UH in RCUH activities is important since the University is RCUH's main client (approximately 85% of our business). Close collaboration is important. The President attends Board meetings, but does not have any voting rights. It would be unwise to exclude the UH lead executive from the deliberations of the RCUH given the vital support that RCUH provides to UH.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Capping Executive Director's salary to "no more than the salary of the highest paid head of a department within the executive branch.</p>	<p>DISAGREE An appropriate salary is necessary to attract and retain this key management position. The Board determines the Executive Director's salary by comparing it to industry peers in academia, as that is a more appropriate benchmark. Capping this salary will impair the ability of RCUH to recruit and retain the best talent (whether from Hawaii or elsewhere).</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> Transferring authority from the Board of Directors to the Executive Director to set employees' duties, responsibilities, salaries</p>	<p>DISAGREE The day to day assignment of employees' duties, responsibilities and salaries is currently delegated to project investigators within policies set by the RCUH Board of Directors. Given the RCUH Board's oversight and governance of RCUH affairs, the current employee oversight approach provides a balanced approach to key business issues and strategies that is responsive to the specific needs of the investigators.</p>
<p>§304A-3006 <u>Officers and employees of the Research Corp</u> "The Board of Directors shall not engage in the daily management or operation of the research corporation."</p>	<p>DISAGREE Not necessary. As stated in the RCUH Bylaws the Executive Director is responsible for the daily management and operations of RCUH.</p>

I appreciate that some members of the Senate have concerns regarding the role of the RCUH and its ties to UH and the UH Board of Regents (BOR). The RCUH provides a vital service role for UH and it is essential that the BOR be intimately aware of the RCUH activities on behalf of UH. This degree of governance overlap should not be diminished and the RCUH Board must not become a political forum. Rather, RCUH's structure and function must remain extremely business-like and efficient in its operation, if it is to support research in Hawaii.

Thank you for the opportunity to provide testimony on SB 1388.