

MINUTES

BOARD OF REGENTS COMMITTEE ON RESEARCH AND INNOVATION MEETING

FEBRUARY 3, 2022

Note: On January 26, 2022, Governor David Y. Ige issued a proclamation related to the COVID-19 emergency that temporarily suspended Section 92-3.7, Hawai'i Revised Statutes (HRS), "only to the extent necessary to suspend the requirement to have at least one meeting location that is open to the public".

I. CALL TO ORDER

Vice Chair Haning called the meeting to order at 8:32 a.m. on Thursday, February 3, 2022. The meeting was conducted virtually with regents participating from various locations.

Committee members in attendance: Vice-Chair William Haning; Regent Simeon Acoba; Regent Kelli Acopan; and Regent Ernest Wilson.

Committee members excused: Chair Eugene Bal.

Others in attendance: Board Chair Randy Moore; Regent Wayne Higaki; Regent Benjamin Kudo; Regent Alapaki Nahale-a; Regent Diane Paloma; Regent Robert Westerman (ex officio committee members); President David Lassner; Vice President (VP) for Community Colleges Erika Lacro; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Research and Innovation Vassilis Syrmos; VP for Information Technology/Chief Information Officer Garret Yoshimi; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH Mānoa (UHM) Provost Michael Bruno; UH Hilo Chancellor Bonnie Irwin; UH West O'ahu Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF MINUTES

Vice-Chair Haning stated that the minutes of the October 7, 2021, committee meeting had been distributed and inquired as to whether committee members had any recommended corrections. Hearing none, the minutes were approved.

III. PUBLIC COMMENT PERIOD

Board Secretary Oishi announced that the Board Office did not receive any written testimony, and no individuals signed up to provide oral testimony.

IV. AGENDA ITEMS

A. Research Project Briefing: "The Global Impact of Hawai'i Astronomy"
Presentation by Doug Simons, Director, Institute for Astronomy (IfA) at UHM

Dr. Simons provided an overview of the role Hawai'i has played in the growth of modern astronomy, noting the global impacts of this work and stating that these impacts extend far outside the realm of science. He provided a brief history of the beginnings of 20th century astronomy in Hawai'i noting that, in 1968, consistent with Governor John A. Burns vision for Maunakea, the state signed the Mauna Kea Science Reserve Master Lease which enabled observatories to operate on the summit of Maunakea. Since that time, Maunakea has been regarded worldwide as the premier gateway to astronomical research and education which has led to scientific, community, and economic advancement. He also discussed some of the accomplishments and ground-breaking discoveries attributable to research and other activity occurring at the astronomy assets located on Maunakea and Haleakalā, as well as the scientific impact of Hawai'i's telescopes and observatory complexes relative to its counterparts around the world.

In addition to research activity, Hawai'i-based observatories also offer several unique educational and outreach programs. Dr. Simons spoke about the Maunakea Scholars Program (Program), which is the first program of its kind internationally, stating that it is an innovative approach designed to directly impact the educational advancement of Hawai'i's high school students. The Program provides aspiring young astronomers with a glimpse into the observatory community and competitively allocates observing time on world-class telescopes for student research projects. Since its inception in 2016, more than 500 students have participated in the Program.

Another unique program, A Hua He Inoa, highlights a collaborative effort to link indigenous and contemporary science and create a pathway in which language and culture are at the core of modern scientific practices. Led by the 'Imiloa Astronomy Center. A Hua He Inoa is shifting global paradigms and has positioned Hawai'i as the first place in the world to weave traditional indigenous practices into the process of officially naming astronomical discoveries. To date, six major astronomical discoveries have been given Hawaiian names through this program.

Dr. Simons noted that Hawai'i continues to be a world leader in the field of astronomy which has grown exponentially over the last 400 years. Given that continued expansion of this field is expected, he opined that there remains tremendous opportunities to advance astronomy in Hawai'i over the course of the next century. He also shared a video, stating that it captured the essence of his presentation, and expressed his belief that the future of astronomy in Hawai'i principally lies in the hands of the local community, stressing that, as the Director of IfA, he will continue seeking to deepen and broaden community engagement.

Vice-Chair Haning thanked Dr. Simons for an exceptional, informative, and entertaining presentation.

B. Facilities and Administrative Cost Rate (F&A Rate) Primer

VP Symos provided an overview of the university's F&A Rate stating that this is a negotiated method by which the federal government reimburses the university for infrastructure and operational costs incurred in executing extramurally funded research and training grants, contracts, and other sponsored agreements. He noted that the F&A

Rate only allows for recovery of certain facility and administrative costs associated with a project; is not attributable to a single project but rather is based upon a collection of data from across the university research enterprise; and is typically renegotiated every five to six years. He also described the process used to negotiate the F&A Rate, clarified common misconceptions about the F&A Rate; provided the formula used to calculate the F&A Rate along with detailed information about each of its variables; and summarized strategies that can be used to increase the university's ability to recover indirect costs.

As of this fiscal year, the F&A Rate for the university stood at 46.5 percent, which is an increase from the 42 percent previously negotiated, and will remain static until the next negotiation is concluded. While the university's current negotiated F&A Rate compares favorably with negotiated rates at peer institutions, as well as established benchmarks, its effective recovery rate, which is the actual amount of funds recovered by the university, stands at 20 percent, which is significantly lower than the 34 percent experienced by institutions nationally. VP Syrmos explained that the low effective recovery rate was due to a variety of factors including the number of projects that contain large subawards to which F&A Rate charges are not applicable and the waiving, as well as reduction, of indirect recovery costs by the university. He also stressed the importance of not only increasing the F&A Rate, which he believes should be near 50 percent for an institution such as UHM, but also of remaining disciplined in controlling the effective recovery rate, particularly with respect to the waiving of indirect costs.

It was noted that, in 2021, the university recovered \$53.1 million in indirect costs because of the F&A Rate. VP Syrmos emphasized that the F&A Rate is the largest and most important internal source of research support at the university and touched upon the benefits of this funding source, highlighting its flexibility due to fewer expenditure restrictions. He also reported on several of the reinvestment strategies for the use of these funds, including the support of faculty start-up costs and the bolstering of research support services, and relayed the university's current approach to allocating these funds to the colleges and units that recovered the F&A costs, stating that the distribution percentages used are some of the highest among research universities across the country.

VP Syrmos reviewed the F&A Rate proposal for fiscal year 2022 stating that the base year for this proposal encompassed July 1, 2021, through June 30, 2022, and noted several key factors being considered in determining the rate proposal, including the impact of millions of dollars received by the university in Higher Education Emergency Relief Funds as a result of the COVID-19 pandemic. He also reviewed the timeline for completion and submittal of the new F&A Rate proposal stating that negotiations with the federal government on the proposal are expected to begin sometime after its submittal in March 2023.

Regent Paloma asked if her assumption was correct that the Research and Training Revolving Fund encompassed funds recovered through the F&A Rate and that these were considered indirect funds. VP Syrmos responded in the affirmative. Regent Paloma then inquired as to whether there were instances where grantors allowed researchers to charge for, or provided supplemental funding for, indirect costs

associated with an awarded grant, and if so, how many of these situations existed at the university. VP Symos replied that he was unaware of situations where a researcher was provided with the opportunity to charge a grantor for indirect costs. However, he stated that grants awarded by the National Institutes of Health (NIH) allow for indirect costs to be added after the budget for direct costs has been calculated and reviewed and that NIH is the only such agency that allows this to occur. All other agencies include indirect costs within the limit of the grant's budget. He also stated that data would be provided on the number of grants the university has received from NIH.

Referencing a comment made by VP Symos that the university must be more disciplined with respect to the waiving or reduction of indirect recovery costs in order to increase its effective recovery rate, Regent Acoba questioned how this would be accomplished and who would be responsible for ensuring that this was achieved. VP Symos provided a brief overview of the university's process for requesting a waiver or reduction of indirect costs stating that, at the campus level, final determination of this request is made by either the Office of the Vice Provost for Research, in the case of UHM, or the Chancellor, in the case of the other campuses. At the system level, this responsibility lies with the Office of the Vice President for Research and Innovation. It was noted that researchers tend to aggressively seek waivers for indirect costs so that they can maximize spending on the direct costs related to a project. The administration attempts to keep these actions in check by providing each campus with an annual report detailing the amount of indirect costs that it does not recover due to the approval of waiver or reduction requests. VP Symos also provided an example of how this dilemma is addressed at other research universities that involves the assessment of costs waived or reductions in the total allocation of funds made to a campus.

Regent Acoba asked if the executive policy relating to the waiving or reducing of indirect recovery costs should be amended to discourage this practice. VP Symos responded that such an amendment could be helpful and committed to starting the conversation on this idea with the various campuses.

C. University of Hawai'i Cancer Center Update – Early Phase Clinical Research Center Business Plan Report (EPCRC Report)

VP Symos presented historical background on the EPCRC project at the Cancer Center and offered his personal observations on this issue. He stated that, over the course of more than 30 years of service to the university, at least 15 of which has been spent managing research at some level, he has come to realize that managing research enterprises involving telescopes, the operation of oceanographic research vessels, or healthcare delivery and translational research is extremely difficult due to the risks involved and costs. While challenging, these research enterprise projects often offer the most benefit, are highly impactful, and have been well-managed by the university. He expressed his belief that, despite its difficulties, the EPCRC project is worthwhile and will be brought to successful fruition by the university.

It was noted that the EPCRC Report was the culmination of work conducted by the EPCRC Task Force (Task Force) formed by the administration. The Task Force was charged with reviewing the EPCRC's business plan, validating some of the assumptions

made by the plan with the university's external partners, and providing an assessment of the challenges and opportunities facing the EPCRC. VP Syrmos reviewed the membership of the Task Force and summarized the EPCRC Report highlighting several challenges that the university is anticipated to face with respect to the operations of the EPCRC under the current business plan. He also reported on opportunities to increase the viability of the business plan and the facility, and stated that the report concluded that, despite the challenges it faces, the EPCRC was a worthy project.

VP Syrmos reiterated that the EPCRC project is a difficult undertaking and emphasized that it will not be a self-sustaining facility. However, he stressed that it is a facility that is being built for the benefit of healthcare in Hawai'i using mainly extramural funds. The issues and challenges facing the EPCRC project are well understood and the university is prepared to address these issues to ensure its success.

Dr. Joe Ramos, Interim Director of the Cancer Center, presented his assessment of the EPCRC project espousing its numerous benefits, the most important of which being that it would reduce the emotional and financial burden on Hawai'i's cancer patients by providing local access to the most advanced and innovative cancer treatments available through the provision of clinical cancer research trials. He stated that, since the issuance of the EPCRC Report near the end of October 2021, the Cancer Center has been working collaboratively with its extramural partners, as well as individuals in the medical community, to ensure that there exists a need for such a facility in Hawai'i. He also stated that the Cancer Center has been conducting outreach efforts to address some of the challenges and opportunities noted in the EPCRC Report and offered to return to the committee in the future to give a presentation on these efforts.

Regent Westerman asked whether there has been an increase in philanthropic support for the Cancer Center. VP Syrmos replied that philanthropic support for the Cancer Center has been increasing and is currently on a good trajectory. Dr. Ramos added that the Cancer Center is working closely with the University of Hawai'i Foundation to refocus how fundraising efforts are being conducted and stated that donations for the EPCRC have risen significantly over the last two months.

Stating that there may be private practitioners in the medical community that are unaware of the services provided by the EPCRC, Regent Westerman inquired as to whether outreach was occurring. Dr. Ramos responded in the affirmative noting that educational information is regularly provided to members of the medical community and that a fair number of private practitioners are already engaged in some of the clinical trials currently occurring at the Cancer Center.

Vice-Chair Haning questioned whether his understanding that a regional broker for clinical cancer research trials did not exist in Hawai'i was accurate. Dr. Ramos replied that the Cancer Center serves as the de facto clinical cancer research trials broker since it administers almost every clinical trial in Hawai'i and is aware of the few clinical trials which it does not administer, such as specialized trials involving pediatric cancers.

Regent Kudo expressed his concerns with the EPCRC's business plan relative to the challenges expressed in the EPCRC Report including low census numbers, the

overreliance on philanthropic support, the lack of vertical integration of the EPCRC, and the lack of development of this type of facility in the past by currently existing medical facilities in Hawai'i. He opined that, while the EPCRC project may be worthwhile and is an admirable endeavor, the risks outweigh the benefits and the project has the potential of becoming a future financial burden to the university.

Regent Wilson asked whether consideration has been given to expanding research and clinical collaborations across the Asia and Pacific regions, including American Samoa, to increase census numbers related to the use of the EPCRC. Dr. Ramos responded that the Cancer Center has investigated, and continues to explore, several collaborative opportunities with countries across the Asia and Pacific regions. However, the success of these efforts is often contingent upon the availability of facilities located in the collaborating region. He also mentioned that the issue of medical tourism for individuals from other parts of the world has been discussed as a possible source of revenue in the long-term future of the Cancer Center.

D. Fiscal Year 2021-2022 2nd Quarter Extramural Awards Update

Due to time constraints, this agenda item was deferred.

V. ADJOURNMENT

There being no further business, Vice-Chair Haning adjourned the meeting at 10:04 a.m.

Respectfully Submitted,

/S/

Kendra T. Oishi
Executive Administrator and Secretary
of the Board of Regents