



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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by

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SB 589 SD2 HD2 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Luke, Vice Chair Cullen, and Members of the Committee:

Thank you for the opportunity to present testimony today. The University of Hawai'i (UH) supports SB 589 SD2 HD2, and is very appreciative of the cooperative and collaborative approach the prior House Committee on Health, Human Services & Homeless and the Committee on Higher Education & Technology took in crafting a measure that is supportive of the UH's mission. SB 589 SD2 HD2 has a number of parts, each affecting the UH differently. Part I of the bill empowers the UH Mānoa provost with the authority and direction to find opportunities for efficiencies at the John A. Burns School of Medicine and the UH Cancer Center. The HD2 version of this bill is an improvement on previous versions because it recognizes the opportunity to achieve greater operational efficiencies, reduce duplication of services, and share administrative functions without compromising the individual and unique missions of either program.

This bill also includes parts that will preserve strategic capabilities for the UH in the areas of intellectual property development and procurement. The bill seeks to make permanent the Legislature's initiatives in 2017 to support UH's efforts to promote the commercialization of inventions and discoveries generated by its faculty, students and alumni. And finally, it reinstates the UH President as the Chief Procurement Officer for contracts for construction and construction-related professional services.

Part II removes the sunset date of Act 38, Session Laws of Hawai'i (SLH) 2017, that exempts UH-sponsored technology transfer activities from specific sections of the State Ethics Code provided that these activities were subject to ethic policies and a compliance program established by UH specifically adapted to the unique feature of university generated innovations. The UH has issued a Regents Policy, an Executive Policy, and has drafted administrative procedures to require and assure compliance with an "Act 38" management plan -- designed to identify, address, and mitigate conflicts of interest that arise during technology transfer activities. To date, UH has successfully implemented the Act 38 policies and procedures for three faculty startups. This much-needed authority granted to UH sunsets on June 30, 2022.

Part III removes the sunset provision of Act 39, SLH 2017. This law, currently codified in sections 1951 through 1959 of HRS Chapter 304A, provides UH with the express statutory

authority to sponsor and directly participate in the transformation of innovations created by its researchers into viable commercial enterprises. This vital authority granted to UH sunsets on June 30, 2021.

The COVID-19 pandemic has once again demonstrated that Hawai'i's economy is heavily dependent on only a few sectors. As the State's only public system of higher education, UH plays a critical role in helping to diversify the State's economy by promoting research, discovery and commercial innovation. To remain competitive, it is imperative for UH to have a strong and comprehensive university level research program with the capacity to support commercial innovation.

Part IV removes the sunset provision of Act 42, SLH 2018, and permanently reinstates the President of UH as the chief procurement officer for contracts for construction and construction-related professional services. The UH is grateful that the authority of the President as chief procurement officer was temporarily reinstated in 2018 (Act 42, SLH 2018 (SB 2831)). However, the permanent reinstatement of the President as the chief procurement officer would prevent the return to an inefficient and complicated bifurcated procurement system when Act 42, SLH 2018, as currently written is repealed on June 30, 2021.

Thank you for this opportunity to testify.