Testimony Presented Before the
Senate Committee on Higher Education
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by
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SB 1393 – RELATING TO THE RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII

Chair Kim, Vice Chair Kidani, and members of the Committee:

The University of Hawai'i (UH) opposes SB 1393.

In 1965, the Hawai'i State Legislature recognized the unique requirements of the research industry in Hawai'i when it created the Research Corporation of the University of Hawai'i (RCUH) to support the UH research and training enterprise by allowing it certain exemptions from cumbersome State procurement practices – which enables UH to function as a more nimble enterprise able to effectively compete for federal and other research and training funding. At no other point in time, has this flexibility become more important to UH as it works build a thriving innovation sector to help diversify and rebuild an economy shattered by the COVID-19 pandemic.

The University of Hawai'i recognizes and acknowledges that over the last five years that the Research Corporation of the University of Hawai'i (RCUH) management fee has increased significantly, primarily due to a rise in their operating costs. While UH appreciates this proactive effort by the Legislature to help reduce the cost to its research enterprise, there is concern that a yet-to-be determined cap amount under this measure may result in a fixed amount that is either a too low or too high, resulting in additional or unnecessary expenditures for services provided.

A task force/working group comprised of UH representatives is already in place and is currently examining the entire operation to determine the root cause or causes of this increase and to recommend potential solutions to reduce and/or contain operational costs, while still maintaining the necessary level of service in support of UH's research and training activities.

Thank you for the opportunity to testify on this measure.