

# **Board of Directors Meeting**

**Friday, June 3, 2022  
Virtual meeting  
9:00 a.m.**



Meeting  
BOARD OF DIRECTORS  
The Research Corporation of the University of Hawaii  
Friday, June 3, 2022  
Virtual Meeting | Public In-person Meeting Location: Manoa Innovation Center,  
2<sup>nd</sup> Floor Boardroom, 2800 Woodlawn Drive, Honolulu, HI 96822  
9:00 a.m.

A G E N D A

Public Testimony on Agenda Items

Written testimony may be submitted via email to [rcuhed@rcuh.com](mailto:rcuhed@rcuh.com); U.S. mail to 2800 Woodlawn Drive, Suite 200, Honolulu, HI 96822; or facsimile at (808) 988-8319. All written testimony submitted are public documents and will be posted on the board's website. Individuals wishing to provide oral testimony virtually are encouraged to register via email to [rcuhed@rcuh.com](mailto:rcuhed@rcuh.com) no later than 7:00 a.m. on the day of the meeting to be accommodated. If you are unable to register prior to 7:00 a.m. on the day of the meeting, please call (808) 988-8314. Registration for in-person oral testimony on agenda items will also be provided at the meeting location 15 minutes prior to the meeting and closed at the posted meeting time. Oral testimony will be limited to three (3) minutes per testifier. Individuals interested in observing the virtual meeting may view the livestream here: <http://hawaii.edu/itunesu/zoom/?s=rcuh>.

1. Call to Order
2. Welcome New Board Member, RCUH Director
3. Public Comment Period (if applicable)
4. Approval of Minutes of the March 1, 2022 meeting
5. Financial Statements for April 2022
6. Executive Director's Report
  - a. Recognition of Outgoing HR Director Nelson Sakamoto
  - b. Legislative Update
  - c. Revolving Funds Update
  - d. HR/RCUH Positions/Attachment B Update
  - e. UH RTRF Policy Update
  - f. Move to Burns Hall
  - g. Telework Policy Update
  - h. IT Position Search
7. Multi-Year Compensation Guidelines Effective July 1, 2022
8. Budget Approval for Fiscal Year 2023 (July 1, 2022 – June 30, 2023)
9. Adjournment

c: Office of the Lieutenant Governor

*Individuals who require special needs accommodations may request assistance in writing to [rcuhed@rcuh.com](mailto:rcuhed@rcuh.com) or call (808) 988-8311 three (3) business days prior to the scheduled meeting.*



**DRAFT** Minutes  
BOARD OF DIRECTORS  
The Research Corporation of the University of Hawai'i  
March 1, 2022  
Virtual Meeting

**PRESENT:**

Eugene Bal, Kelli Goodin, Ken Hayashida, Diane Paloma, Vassilis Syrmos, Michael Maberry (non-voting). Excused: Joseph Pickard, David Karl.

RCUH Staff: Leonard Gouveia, Nelson Sakamoto, Glenn Yee, Kaylee Hull  
Attorney General's Office: Reese Nakamura

**CALL TO ORDER:**

The meeting was called to order by Chair Bal at 9:03 a.m.

**PUBLIC COMMENT PERIOD (IF APPLICABLE)**

No written or oral testimony was received.

**APPROVAL OF MINUTES OF THE DECEMBER 14, 2021 MEETING**

Director Paloma identified a minor error to the time of adjournment. Upon motion made (Paloma), seconded (Hayashida), and duly carried, the minutes of the December 14, 2021 meeting was approved as amended.

**FINANCIAL STATEMENT FOR JANUARY 2022**

Mr. Yee reviewed the January 2022 balance sheet. The cash balance remained at approximately \$39 million, which is typical in terms of the variance from last year. He highlighted the major line items such as assets (\$42 million), liabilities (\$28 million), and total retained earnings (\$9.6 million).

Mr. Yee used a benchmark of 58.3% to evaluate RCUH's spending and revenue for seven months into the fiscal year. RCUH's operating expenses totaled \$4 million, which represents 50% of RCUH's budget. He emphasized that the underspending is not a coincidence, as RCUH is intentionally cutting costs by not filling vacant positions (there are approximately 4-5 open positions between RCUH Human Resources and Finance). Mr. Yee explained that UH's extramural fees are based as a ratio of RCUH's operating budget due to the Internal Agreement. This means if RCUH spends less, UH pays less in fees.

Mr. Yee also highlighted revenue from non-UH agencies, which has grown to 83.6%. He shared that RCUH has received more direct project requests from the State over the past year, including the Governor's Emergency Education Relief (GEER) funds, which has recorded a high number of expenditures thereby increasing RCUH's fees. Mr. Yee reported that interest and other income has been down since rates have been dismal (0.1% to 0.15% locally). He anticipates that interest rates will start increasing within the next year. Lastly, Mr. Yee stated that RCUH has a slight surplus of operating income at \$171,000 for the year.

When reviewing the retained earnings document, Mr. Yee highlighted RCUH's volume of business, which is the amount of expenditures run through RCUH's system by the research projects. For Fiscal Year 2022 (year-to-date), RCUH processed \$169 million, most of which are extramural funds. The volume of business from direct projects are also up with \$13.6 million in expenditures compared to

last year's \$8 million in expenditures. This information is provided by the UH Office of Research Services, which shows an all-around strong performance in terms of extramural activity.

### REPORT OF AUDIT COMMITTEE

Director Hayashida chaired the Audit Committee meeting, which was held prior to the board meeting. He stated that the committee approved the proposal from N&K CPAs, which requested a 4% increase after allowing a flat rate the previous year. The total amount for the FY 2022 audit proposal is \$46,800. Upon motion made (Hayashida), seconded (Goodin), and duly carried, the Audit Committee's decision to approve the FY 2022 audit fee proposal by N&K CPAs was ratified by the board.

### EXECUTIVE DIRECTOR'S REPORT

ED Gouveia reported that there has been a lot of activity at RCUH and thanked Deputy Attorney General Reese Nakamura for his help. He also noted that RCUH has increased its meetings with members of the University of Hawai'i and thanked Director Syrmos for facilitating those discussions.

- **Legislative update:** ED Gouveia shared that there has been increased activity this session with two bills that would alter RCUH's statute and operations—[Senate Bill 2304](#) and [Senate Bill 3267](#). RCUH has submitted written and oral testimony in opposition to both bills, however both have passed the Senate Higher Education Committee with amendments, despite receiving opposition from researchers and administrators. ED Gouveia explained that RCUH is currently working on the 2022 legislative summary, which will be distributed shortly, and wanted to ensure the public and legislature that RCUH is keeping its Board of Directors apprised of legislative activity.

In summary, ED Gouveia stated that RCUH will continue to oppose both bills since we do not believe that the proposed changes are appropriate or necessary at this time. Many of these changes were addressed in the UH Task Force Report, which was submitted prior to the start of this legislative session and includes numerous recommendations that RCUH had planned to address prior to these bills. ED Gouveia reminded board members that when he was hired in this role, he met with VPRI Syrmos to discuss concerns about RCUH and planned to evaluate RCUH's existing operations and services. ED Gouveia followed up with a recap of the establishment of the task force and how it ties into RCUH's strategic plan.

VPRI Syrmos concurred that the task force had been established before Senate Resolution 148 and added that it provided several recommendations, which included the clarification of RCUH's relationship with UH. He pointed out that this has been an ongoing issue with the legislature, in addition to three topics:

- UH/RCUH employment,
- internal service orders to RCUH, and
- UH revolving funds at RCUH.

VPRI Syrmos disclosed that UH updated [Executive Policy 12.207](#) to address some of these issues. These changes were actually proposed in September, but had to go through consultation with the various faculty senates and unions. He highlighted Item III.B.2.a in the policy, which states that "UH employees shall not be hired concurrently through RCUH on UH funds." This clarifies the employment relationship between UH and RCUH.

In terms of UH revolving funds at RCUH, VPRI Syrmos referred to Item III.B.1.d, which states "Intramural fund or revolving account service orders shall not be used to conduct tuition and fee generating activities. Tuition and fees and related expenditures shall be properly accounted for and expended through UH."

Although VPRI Syrmos believed this to be common sense, it was incorporated into the UH policy to ensure everyone understands the proper use of revolving funds. He added that UH will be reviewing the mission of each revolving fund account at RCUH and determine whether these projects should be returned to the UH commercial enterprise account, UH auxiliary enterprise account, or remain at RCUH. UH will also look into each individual account for financial compliance to ensure researchers are following UH policies. VPRI Syrmos believes that these changes will lessen the criticism from the legislature.

ED Gouveia thanked VPRI Syrmos for the UH update and reminded the board he had expected feedback on the task force report from Senator Kim's office. In the prior legislative session, Senator Kim had stated she would change the statute if these issues weren't addressed. ED Gouveia felt that the task force report was a good start to address some of these matters, but would like the legislature to give RCUH and UH the time to execute changes appropriately. The existing bills includes= ambiguous language and could create additional layers of bureaucracy, which is not in the best interest of research in the State of Hawai'i.

ED Gouveia noted that Director Pickard suggested including the revolving funds discussion as an agenda item for the next board meeting. Although the topic was addressed briefly at this meeting, including a detailed update from VPRI Syrmos, ED Gouveia deferred to Chair Bal on whether it should be included on the next agenda. Chair Bal shared that Senator Kim had sent a letter to the chair of the UH Board of Regents Committee on Independent Audit requesting an audit be done on this topic. Chair Bal suggested it would be beneficial from an instructional perspective to offer a primer on revolving accounts to the RCUH Board of Directors, but would like to see how the matter plays out before committing to this topic as an agenda item.

ED Gouveia explained that his only concern in the letter is the reasoning behind the audit and noted that RCUH had less than 24 hours to provide the information to Senator Kim's office so the information may not be complete (since UH could have additional related documents). ED Gouveia stands by his original statement that RCUH will not stop "cold turkey" on supporting these accounts and will work with UH to evaluate these accounts moving forward, as VPRI Syrmos had mentioned earlier. He noted for the record that it's not RCUH's purview to interpret or establish UH's policies. UH researchers need to reach out to UH administration to discuss and evaluate whether it is appropriate for these accounts to be service ordered to RCUH. ED Gouveia stated that RCUH will continue to support UH's needs and make necessary changes as requested by the University, as long as the decision is from UH administration and in accordance with the intent of the legislature and existing statute. He stressed that he does not want to create any breach of contract issues and will work with UH to make this process happen in a reasonable manner.

VPRI Syrmos commented that he is working on the revolving accounts with UH Chief Financial Affairs Officer Kalbert Young. They had emailed Senator Kim explaining that they will be putting a group together from their respective departments to review each revolving account and will need 6-12 months to correct any issues they may find. VPRI Syrmos suggested this in lieu of an internal audit. He believes it would be much more efficient and rational, but has not heard back from Senator Kim's office at this time.

Lastly, ED Gouveia noted that RCUH discussed an operational audit as part of its strategic plan, so he is not opposed to the request as long as it's proper and in accordance with UH policy. He has spoken to UH Board of Regents Secretary Kendra Oishi on the matter so that she could report back to Regent Kudo, but has not heard back as of today. At the conclusion of ED Gouveia's legislative update, Director Paloma asked how many faculty will dual employment affect. VPRI Syrmos clarified that it only affects faculty at the Shidler College of Business and that President Lassner has been working with the union to create a different

structure of compensation for the Executive MBA program. Mr. Sakamoto clarified that it would affect 18 faculty members.

ED Gouveia emphasized that RCUH is working hard to address these issues rather than throwing them on the backburner. He thanked Mr. Sakamoto for all of his work and acknowledged staff for hanging in there despite these challenges.

- **Recruitment for the Director of Human Resources:** ED Gouveia announced that after 30 years of service with RCUH, Director of Human Resources Nelson Sakamoto announced his plans to retire by the end of the fiscal year. Mr. Sakamoto has contributed a great deal to the University and his retirement will be a big loss for RCUH. ED Gouveia has been aware of this for some time and has already posted the position to recruit his successor. The position will close on March 4, 2022. RCUH received interest from more than 60 individuals and is working to onboard a new director as soon as possible.
- **Strategic Plan Updates:**
  - **UH/RCUH Internal Agreement:** ED Gouveia noted that updating the UH/RCUH Internal Agreement is critical and that President Lassner is in the process of scheduling a meeting with VPRI Syrmos, Chair Bal, ED Gouveia and himself. RCUH is leaving it up to UH to decide how they want to address this and when they want to start discussions, but stressed that it needs to be completed. Although there was a target date of April 30, he anticipates it will be delayed due to anticipated negotiations between the Office of the University General Counsel (OGC) and the Deputy Attorney General.
  - **UH IT discussions:** RCUH has been working with VPIT Garret Yoshimi on its Multi-Factor Authentication (MFA) initiative. Unfortunately, it was determined that if RCUH were to be added onto UH's existing contract, prices would increase significantly. ED Gouveia indicated that RCUH will proceed with the MFA initiative on its own contract as he believes this safeguard is absolutely necessary. He thanked VPIT Yoshimi, President Lassner, and the University for their assistance in evaluating this potential cost-saving opportunity. RCUH also had discussions with VPIT Yoshimi to establish an IT position for RCUH. Mr. Yoshimi is helping with the job description and incorporating ways to work closer with UH's IT staff. He has also agreed to assist RCUH with its IT needs relating to the move to East-West Center.
  - **Clarify RCUH's identity with UH and the State:** VPRI Syrmos arranged a meeting to discuss insurance coverages with OGC, Risk Management, ITS, Deputy Attorney General Reese Nakamura, and numerous individuals. The primary reason for this meeting was to have a better understanding of the various insurance coverages and liability/risk management issues from both UH and RCUH. Another reason was to determine whether there are any potential savings and whether RCUH has appropriate coverage. This was an initial briefing and RCUH will work with UH to evaluate this matter further. ED Gouveia added that he has been meeting with numerous stakeholders to educate them on RCUH's services.
  - **Reform RCUH's Internal Operations:** ED Gouveia reported that this is an ongoing process. RCUH recently changed [Policy 2.203](#) to match UH's policy to ensure we do not require more than what UH does, and to cut down the administrative burden on researchers.
  - **Move to East-West Center:** RCUH is working on a plan to implement a telework policy (for core staff), which will impact the plan to move to the East-West Center. ED Gouveia is hoping that the move will occur by summer, but assured the board that it would be no later than the end of this year. Internal discussions are being scheduled

with more staff, as the departments focus on getting rid of or digitizing paper documents. He anticipates saving more than \$50,000 per year in rental costs with the move.

- **New Direct Projects:** ED Gouveia explained that although RCUH has received an increase in direct projects, it has also rejected some requests over the last year. This is part of RCUH's commitment to ensure it is acting within its scope, although there is no standardized record keeping process to track this yet.

#### **RECOGNITION OF OUTGOING BOARD MEMBER MICHAEL MABERRY**

ED Gouveia shared that Director Maberry has been a great mentor and made the work at UH very interesting. He thanked him for inspiring him to continue with this important work, despite the many complications. Director Maberry said it has been an honor and that RCUH is absolutely essential to the groundbreaking research at UH. Chair Bal thanked Director Maberry for all that he has done for RCUH on behalf of the entire board and also thanked him for all he's done for Maui County.

#### **ADJOURNMENT**

The meeting adjourned at 9:56 a.m.

Kaylee Hull  
Executive Administrator

NOTE: Unless otherwise noted in minutes, all motions were passed unanimously.

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII  
BALANCE SHEETS  
APRIL 30, 2022 and 2021**

<b>ASSETS</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
CASH AND CASH EQUIVALENTS	\$ 25,506,748	\$ 14,442,826
RESTRICTED CASH (RETIREE MEDICAL AND LIFE INSURANCE)	1,700,000	1,700,000
TIME CERTIFICATES OF DEPOSIT	9,998,922	13,274,718
SHORT TERM INVESTMENT	2,988,760	3,000,000
RECEIVABLES	-	-
PREPAID EXPENSES	<u>320,260</u>	<u>289,684</u>
<b>TOTAL CURRENT ASSETS</b>	<u>40,514,690</u>	<u>32,707,228</u>
FIXED ASSETS (Less accumulated depreciation of \$7,515,276 and \$6,711,319 for FY 2022 and FY 2021, respectively)	<u>2,259,316</u>	<u>2,862,901</u>
<b>TOTAL ASSETS</b>	<u>\$ 42,774,006</u>	<u>\$ 35,570,129</u>
<b>LIABILITIES AND RETAINED EARNINGS</b>		
<b>LIABILITIES:</b>		
ACCOUNTS PAYABLE	\$ 227,218	\$ 178,512
ACCRUED EXPENSES AND PAYROLL TAXES WITHHELD	2,720,605	2,471,659
ADVANCES		
UNIVERSITY OF HAWAII, NET	16,743,299	11,736,257
OTHER SPONSORING AGENCIES, NET	3,585,431	2,792,823
WORKER'S COMPENSATION RESERVE	2,819,901	2,810,862
UNEMPLOYMENT RESERVE	2,112,473	1,164,613
VACATION PAY OUT RESERVE	<u>356,659</u>	<u>578,874</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>28,565,586</u>	<u>21,733,600</u>
ACCRUED SUPPLEMENTAL RETIREMENT BENEFITS	1,955,806	1,755,371
RETIREE MEDICAL AND LIFE INSURANCE BENEFITS	<u>2,577,016</u>	<u>2,601,231</u>
<b>TOTAL LIABILITIES</b>	<u>33,098,408</u>	<u>26,090,202</u>
<b>RETAINED EARNINGS:</b>		
INVESTED IN CAPITAL ASSETS	2,259,316	2,862,901
DESIGNATED FOR:		
WORKING CAPITAL	6,339,953	5,542,308
PROJECT CONTINGENT LIABILITIES RESERVE	<u>1,076,329</u>	<u>1,074,718</u>
<b>TOTAL RETAINED EARNINGS</b>	<u>9,675,598</u>	<u>9,479,927</u>
<b>TOTAL LIABILITIES AND RETAINED EARNINGS</b>	<u>\$ 42,774,006</u>	<u>\$ 35,570,129</u>

NOTES:

- 1) This balance sheet does not include accruals for liabilities related to project expenditures.
- 2) Outstanding purchase orders totaled \$67,914,406 and \$53,063,020 at April 30, 2022 and 2021, respectively.

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE PERIOD ENDED APRIL 30, 2022 and 2021**

	FYE 6/30/22 BUDGET	YTD ACTUAL	% OF BUDGET	YTD LAST YEAR
<b>REVENUES:</b>				
UNIVERSITY OF HAWAII	\$ 7,058,000	\$ 5,373,807	76.1%	\$ 5,559,450
OTHER SPONSORING AGENCIES	596,725	639,440	107.2%	464,849
INTEREST AND OTHER INCOME	176,440	105,442	59.8%	166,324
<b>TOTAL OPERATING REVENUES</b>	<b>7,831,165</b>	<b>6,118,689</b>	<b>78.1%</b>	<b>6,190,623</b>
<b>OPERATING EXPENSES:</b>				
SALARIES & WAGES	3,744,739	2,478,346	66.2%	2,771,536
FRINGE BENEFITS	999,623	645,163	64.5%	701,685
INFO TECH SERVICES	452,051	273,996	60.6%	375,104
HUMAN RES./PAYROLL SYSTEM	629,323	534,236	84.9%	528,612
SUPPLIES	96,200	44,436	46.2%	39,789
TRAVEL	8,500	-	0.0%	-
CPA SERVICES	47,120	47,120	100.0%	47,120
UTILITIES	20,880	13,443	64.4%	12,368
RENTAL - SPACE/EQUIP/OTHER	322,500	244,636	75.9%	249,137
REPAIRS & MAINTENANCE	500	-	0.0%	-
BANK FEES	24,000	21,552	89.8%	19,820
TRANSPORTATION	500	-	0.0%	-
BOARD OF DIRECTORS MEETINGS	7,000	-	0.0%	14
INSURANCE	493,420	475,806	96.4%	395,085
PROFESSIONAL/TECHNICAL SUPPORT	179,272	194,779	108.6%	132,746
DISCRETIONARY FUND	10,000	1,961	19.6%	1,634
STAFF DEVELOPMENT	5,350	8,307	155.3%	843
TRAINING MATERIAL DEVELOPMENT	80,000	45,213	56.5%	15,007
RETIREE MEDICAL AND LIFE INS BENEFITS	-	-	0.0%	-
TUITION SUPPORT	37,500	25,984	69.3%	36,770
UH RESEARCH AWARDS	16,500	-	0.0%	-
OTHER	106,600	114,368	107.3%	79,064
DEPRECIATION EXPENSE	855,000	650,407	76.1%	719,759
CLAIMS & SETTLEMENTS	-	104,061	0.0%	-
PROJ OVERRUNS & DISALLOWANCE	-	-	0.0%	190
<b>TOTAL OPERATING EXPENSES</b>	<b>8,136,578</b>	<b>5,923,814</b>	<b>72.8%</b>	<b>6,126,283</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (305,413)</b>	<b>\$ 194,875</b>		<b>\$ 64,340</b>
<b>INVESTMENT IN CAPITAL ASSETS</b>				
FIXED ASSETS	-	-		-
IT SYSTEM DEV - INFO TECH SERVICES	750,000	-		183,246
IT SYSTEM DEV - HR/PAYROLL SYSTEM	268,953	78,901		139,262
<b>TOTAL INVESTMENT IN CAPITAL ASSETS</b>	<b>\$ 1,018,953</b>	<b>\$ 78,901</b>		<b>\$ 322,508</b>

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII**  
**RETAINED EARNINGS (NET ASSETS)**  
**APRIL 30, 2022**

**CHANGES IN RETAINED EARNINGS**

	INVESTED IN CAPITAL ASSETS	WORKING CAPITAL	PROJ CONTING LIABILITIES	TOTAL OPER FUND BALANCE
BEGINNING BALANCE	\$ 2,830,822	\$ 5,573,572	\$ 1,076,329	\$ 9,480,723
OPERATING INCOME	(650,407)	845,282	-	194,875
INVESTMENT IN CAPITAL ASSETS	78,901	(78,901)	-	-
ENDING BALANCE	<u>\$ 2,259,316</u>	<u>\$ 6,339,953</u>	<u>\$ 1,076,329</u>	<u>\$ 9,675,598</u>

**VOLUME OF BUSINESS**

	FY 2022	FY2021
UH PROJECTS		
EXTRAMURAL	\$ 183,824,716	\$ 171,513,591
INTRAMURAL (GRS)	11,946,540	12,275,231
REVOLVING & SSF	25,341,514	22,528,897
DIRECT PROJECTS		
FEDERAL	306,051	275,156
NON-FEDERAL	17,143,694	11,298,755
	<u>\$ 238,562,515</u>	<u>\$ 217,891,630</u>

**UH EXTRAMURAL AWARDS**

(obtained from UH Office of Research Services)

	FY 2022	FY 2021	VARIANCE	% VARIANCE
Fiscal Year to Date (Jul 01 to Apr 30)	\$ 436,596,104	\$ 392,221,018	44,375,086	11.3%
12 month period (May 01 to Apr 30)	529,554,812	499,886,413	29,668,399	5.9%
3 month period (Feb 01 to Apr 30)	100,391,968	76,275,342	24,116,626	31.6%

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII**  
**STATEMENT OF CASH FLOW**  
**FOR THE PERIOD ENDED APRIL 30, 2022 and 2021**

	CURRENT MONTH	FY 2022 YEAR-TO-DATE	FY 2021 YEAR-TO-DATE
<b>BEGINNING CASH BALANCE</b>	\$ 30,333,553	\$ 21,749,404	\$ 14,518,614
<b>Receipts:</b>			
UH Projects	15,299,853	191,537,567	183,251,595
Direct Projects	615,611	17,806,895	11,534,679
Revolving Funds and Other	1,368,915	12,880,460	11,904,519
UH Management Fee	-	4,276,059	4,739,852
	<u>17,284,379</u>	<u>226,500,981</u>	<u>211,430,645</u>
TCD Redemption	<u>3,077,902</u>	<u>10,827,902</u>	<u>8,650,000</u>
<b>Total Receipts</b>	<u>20,362,281</u>	<u>237,328,883</u>	<u>220,080,645</u>
<b>Disbursements:</b>			
Vendors	12,033,444	104,771,341	87,804,990
UH Payroll Clearing	170,590	2,038,084	2,341,554
Salaries & Wages	6,833,375	68,544,108	67,672,817
Payroll taxes	2,912,770	29,146,393	28,621,524
TIAA-CREF	1,059,087	10,475,172	10,195,899
HMSA/Kaiser/HDS	1,176,149	11,794,620	11,618,471
TCD Purchase	1,000,000	6,796,000	8,900,000
Short Term Investment Purchase	-	-	3,000,000
Other	-	-	-
	<u>25,185,415</u>	<u>233,565,718</u>	<u>220,155,255</u>
<b>Total Disbursements</b>	<u>25,185,415</u>	<u>233,565,718</u>	<u>220,155,255</u>
<b>Increase(Decrease):</b>			
Petty Cash Balances	500	(650)	(550)
Bank of Hawaii (PR)	-	-	(628)
Savings - TCD	-	-	-
Restricted Cash - Retiree Health Ben	-	-	-
Other	(4,171)	(5,171)	-
	<u>(3,671)</u>	<u>(5,821)</u>	<u>(1,178)</u>
<b>ENDING CASH BALANCE</b>	<u>\$ 25,506,748</u>	<u>\$ 25,506,748</u>	<u>\$ 14,442,826</u>

**NOTES:**

This statement of cash flow does not include transactions for revolving accounts or specialized service facilities which are processed by journal entry transactions.



## RCUH BOARD OF DIRECTORS MEETING – JUNE 3, 2022 EXECUTIVE DIRECTOR'S REPORT

This report presents programmatic updates and summarizes RCUH's major initiatives since the Board's March 1, 2022 meeting. It begins with updates, followed by a status report of the actions taken toward RCUH's 2022-2026 Strategic Plan.

### UPDATES

#### Recognition of Outgoing HR Director Nelson Sakamoto

After serving as RCUH's Director of Human Resources for more than 30 years, Nelson Sakamoto officially announced his retirement on May 2, 2022. RCUH has been fortunate to have had Mr. Sakamoto at the helm of the Human Resources Department for so many years and we would like to thank him for his years of service and his commitment to serving Hawai'i's research community. Director Sakamoto's last day in office was May 20, 2022.

#### Legislative Update

The two legislative bills that would negatively impact RCUH's statute and operations, SB2304 and SB3267, failed to pass after the first crossover to the House. RCUH appreciates everyone who submitted testimony in opposition to these two measures and will continue to work closely with the University of Hawai'i to ensure proper policies and procedures are being followed.

In response to Senator Donna Mercado Kim's Feb. 17<sup>th</sup> letter to Chair Benjamin Kudo, the UH Board of Regents Committee on Independent Audit met on April 7, 2022, and the agenda included a review of revolving funds at RCUH. VPRI Vassilis Syrmos provided background information on the RCUH task force which had been established during the 2021 legislative session, in addition to a historical overview of revolving fund accounts at UH. He also mentioned that a new executive policy was established to address issues identified by the task force. In the [minutes of the April 7, 2022 meeting](#), VPRI Syrmos confirmed that the UH administration would complete the review of all revolving fund accounts in one year, however implementation of corrective actions will take time. The next Committee on Independent Audit meeting is scheduled for June 1, 2022, and an update is expected.

#### Revolving Funds Update

In response to the VPRI's presentation to the UH Internal Audit committee on the approval and use of RCUH for revolving accounts, RCUH requested a meeting with the VPRI and his team to assist in the planning and execution of said plan. The meeting on April 28, 2022, accomplished the following:

1. Clarified the intent of proposed administrative changes to Revolving Accounts
2. Identified key steps in the process
3. Identified significant issues or challenges for both UH and RCUH
4. Identified key stakeholders that will need to be involved
5. Agreement was made that future additional and regular coordination meetings will be required to accomplish the process change

## **HR/RCUH Positions/Attachment B Update**

The UH System Office of Human Resources (OHR) requested a meeting on May 3, 2022, to discuss the OHR/OVPRI/RCUH procedure for reviewing RCUH position requests to support UH projects. The existing OHR process is to allow for short-term (no more than one year) RCUH positions to be established for administrative-type positions, as long as there is an effort to establish and hire the positions as a University/BOR-type position subsequent to that short-term allowance. The meeting resulted in the discussion of proposed changes to UH Administrative Policy [12.203](#) and a OHR review of what type of APT positions should not be service ordered to RCUH. A follow-up meeting occurred on May 26, 2022 and UH OHR will be requesting legal advice from the Office of the University General Counsel and possibly the State Attorney General.

## **UH RTRF Policy Update**

On March 9, 2022, President David Lassner, VPRI Syrmos, RCUH Board Chair Eugene Bal, and ED Gouveia met to discuss the UH/RCUH Internal Agreement. After evaluating the existing document, it was determined that no change was necessary or appropriate at this time. It was further agreed by UH that the restriction on RCUH's management fee to 10% of the amount of Research Training and Revolving Fund (RTRF) would be removed from UH Executive Policy [12.216](#).

## **Move to Burns Hall**

RCUH directors and managers have had numerous discussions in preparation for the move to Burns Hall. Proposed office arrangements have been distributed amongst management and a Request for Proposal (RFP) has been drafted. The scope of work in the proposed RFP will include replacing most of the existing office furniture at Burns Hall (the majority of which is 20+ years old and some have begun to delaminate and are literally falling apart), and to purchase a few multi-person workstations to accommodate more individuals in larger offices. While the RFP is currently under review by management, staff have been working to clear out a large storage space at Burns Hall, which will be converted into additional office space.

## **Telework Policy**

RCUH directors and managers have had a few internal discussions about the proposed Telework Policy, but has not reached a consensus as to whether a permanent policy should be implemented. Follow-up discussions were postponed to give the incoming HR Director the opportunity to provide input on this policy. NOTE: The University of Hawai'i established a [telework policy](#) effective January 3, 2022 with a review date scheduled for November 2024 and has extended its [COVID-19 Telework Policy](#) until the end of 2022.

## **IT Position Search**

In a collaborative effort with UH ITS, an RCUH IT Administrator position has been finalized for placement in the Corporate Services Department. The individual will be responsible for managing and maintaining the organization's IT systems and serve as a liaison to communicate and coordinate with external contractors and UH ITS staff. The position will be posted on June 1, 2022 and closes on July 8, 2022.

## ACTIONS TAKEN TOWARD GOAL ACHIEVEMENT RCUH 2022 – 2026 STRATEGIC PLAN

### Goal 1. Evaluate and implement recommendations from the RCUH Task Force.

- **Update the UH/RCUH Internal Agreement.** Per discussions with UH President Lassner, OVPRI Syrmos, Board Chair Bal, and ED Gouveia, all parties agreed that the current Internal Agreement should remain in place with no modifications.
  - **Collaborate with UH IT on solicitation and implementation of MFA system.** RCUH is working with STHI to implement Multi-Factor Authentication into its existing systems. Testing has occurred in RCUH's email server, HR's Virtual Private Network, and PeopleSoft (i.e., the RCUH Human Resources Portal and Employee Self-Service). The Finance Department is in the process of scheduling discussions with DataHouse to begin testing in the Financial Portal. RCUH is currently evaluating how to address one of the main implementation issues, which is how to reduce the duplication of users using different email addresses across multiple systems.

### Goal 2. Clarify RCUH's identity with UH and the State.

- **Ensure stakeholders understand RCUH's role and limitations.** The City & County of Honolulu, Department of Emergency Management, reached out to RCUH for potential training support as a Direct project. RCUH Project Administration Manager Jennifer Chang spoke with the Director of the Department of Emergency Management to determine whether this would fall in line with RCUH's scope of work and informed Director Toiya about the type of administrative services RCUH offers. It was ultimately determined that RCUH could not provide the services the City & County was seeking as it was not consistent with RCUH's authorized mission.

### Goal 3. Reform RCUH's Internal Operations.

- **Identify and implement efficiencies in RCUH's operations.**
  - **Evaluate internal procedures and streamline for efficiencies.** Employee Self-Service (ESS) eUpload was implemented at the end of April. This new feature allows employees to upload forms and supporting documents to RCUH Human Resources securely and efficiently. Employees are able to access real-time tracking of their requests and confirm the effective date of their change. The timing of the feature coincided perfectly with the rollout of Open Enrollment, which ran from April 28 through May 17, 2022.
  - **Establish a single physical location for core staff.** See update on Page 2.
- **Invest in development of RCUH core staff.** RCUH held its quarterly core staff meeting on April 8, 2022, which included an Information Security briefing by Jodi Ito, UH's Chief Information Security Officer. She addressed threats, vulnerabilities, and risks; third-party and supply chain risks; research-related regulations and compliance.

A few staff comments:

*"Really relevant material. Got a lot of the staff talking and discussing on the way back to the office, so it was good."*

*"I recommend Information Security as a recurring training topic every year or every other year."*

- **Ensure systems are secure and in compliance with applicable policies, regulations.**
  - **Develop and implement an action plan for data and systems security.**
    - Information Security Awareness Training: RCUH has had discussions with UH Data Governance staff to develop a data privacy and security policy consistent with UH AP 2.215 that will include internal procedures to ensure compliance monitoring with UH's Information Security and Awareness Training (ISAT). In the meantime, RCUH has reminded RCUH employees who work with protected data and/or UH's institutional data systems to complete the UH ISAT.
    - Conflict of Interests Disclosures: RCUH has had discussions with UH's Office of Research Compliance to implement a conflicts of interest policy aligned with UH Executive Policy 12.214 and UH Administrative Procedures 12.304 and 5.504. The update includes the responsibility of RCUH employees to file an annual conflicts of interest disclosure form and to update it when changes occur between filings.

#### **Goal 4. Increase engagement and outreach to clients.**

- **Strengthen relationships with PIs, FAs, and Project Staff.**
  - **Coordinate professional development opportunities for project staff.** RCUH promoted three (3) UH training opportunities in the April–May period:
    - Protecting Research at UH, Spring 2022 Briefing,
    - Data Governance (DGP) Revision and Other Vendor Management Processes, and
    - SuperQUOTE™.

Outgoing HR Director Nelson Sakamoto conducted two training sessions to review HR policies and procedures for new Principal Investigators, Fiscal Officers, or administrative staff. More than 140 individuals attended the four-hour online training on May 13, 2022, while approximately 20 individuals attended the in-person session at the UH Cancer Center on May 17, 2022.
  - **Miscellaneous – RCUH Outstanding Employee of the Year Awards.** RCUH opened nominations for the 2022 RCUH Outstanding Employees of the Year Awards and plans to hold an in-person awards luncheon at the UH Campus Center Ballroom on October 27, 2022 (tentative). RCUH received 12 nominations (four in each category).
- **Improve external communications to projects.**
  - **Conduct annual forum on research-related topics.** RCUH held a virtual forum “Pathways to Research Success: Lessons Learned” on May 18, 2022, which featured three experienced and successful UH researchers—Dr. David Karl, School of Ocean and Earth Science and Technology; Dr. Karl Kim, College of Social Sciences; and Dr. Marjorie Mau, John A. Burns School of Medicine. RCUH employee Amber Imai-Hong moderated the forum, which recorded a virtual audience of approx. 90 individuals.

Here are a few responses from participants on what they liked most about the forum:  
*“Well organized, strong speakers. The tone appeared to encourage candid sharing and speaking; was truly refreshing.”*

*"It's an honest reflection of our current state - older/experienced researchers getting most grants, new researchers struggling to find anything to fund their new ideas, and steps that we can take to help more evenly distribute research funds throughout the research community. This fact alone is why many new graduates do not continue into a career research. I liked the refreshing honesty."*

RCUH Corporate Services will develop and publish a forum report next month in addition to posting a recording of the forum on RCUH's website.

#### Other Items of Interest:

- **New Direct Projects:**

- **Hawaii Local2030 Hub.** RCUH accepted Hawaii Local2030 Hub, a Non-Profit 501(c) organization as a Direct Project client. A Master Agreement between Hawaii Local2030 Hub and RCUH was sign on October 14, 2021. RCUH will be providing HR and fiscal administrative assistance to support Hawaii Local2030 Hub's green initiatives. Two initiatives under the Master agreement were task ordered to RCUH:
  - Local 2030 Islands Network. The Local 2030 Islands Network coordinates island members to support climate resilience. Additionally, the network helps establish public-private partnerships to set sustainability goals and track progress on data dashboards. The task order calls for: (1) Development of a peer-to-peer learning network including economies within the Indo-Pacific and Caribbean regions to support green growth, sustainable development and climate resilience. (2) Established public-private partnerships within select island economies across the Indo-Pacific and Caribbean regions that support diverse stakeholders in integrating sustainability priorities into policy and planning. (3) Development of locally relevant, open-data dashboards that engage select island economies across the Indo-Pacific and Caribbean regions to take measurable action on locally derived sustainability goals including strategies to enhance climate resilience. The estimated total budget is \$3.1 million.
  - Hawaii Local 2030 Hub. The Hawaii Local2030 Hub is a public-private partnership and United Nations Local2030 Hub committed to advancing economic, social, and environmental goals. The hub accelerates and scales local solutions to global challenges. The Hub coordinates strategic multi-stakeholder research initiatives to advance local and global sustainability goals, including through the Sustainability Business Forum (SBF) and the Ala Wai Watershed Collaboration (AWWC). The AWWC is committed to an ambitious multi-stakeholder plan to restore the Ala Wai Watershed, and developing green infrastructure, policy and financing solutions including establishing the Community Investment Vehicle (CIVic). The SBF convenes private sector leaders for candid dialogue and to advance joint sustainability initiatives such as sustainable tourism initiatives, measuring and tracking corporate responsibility practices, and establishing innovative financing solutions such as a carbon offset initiative and other PES (payment for ecosystem services) opportunities. The estimated total budget is \$80,000.
- **Two-Line Spittlebug Management & Control.** RCUH accepted the State of Hawaii Department of Agriculture - Two-lined Spittlebug Management and Control project. This direct project falls under the State of Hawai'i's Master Agreement. RCUH will be providing

HR and fiscal administrative support. The scope of this project is to create a reimbursement program to address the cost to ranchers for the impacts of the highly invasive two-lined spittlebug as set forth in Act 137 Session Laws of Hawaii 2021. The Department of Agriculture shall appropriate funds from the Coronavirus State Fiscal Recovery Funds (CSFRF) to create a program to reimburse impacted ranchers for expenses incurred for labor, pesticides to control spittlebugs or affected range lands, and seeds of range forage resistant to two-lined spittlebugs. This will be done through a request for proposal with set evaluation criteria and awarding of funds to qualifying, eligible applicants. The estimated total budget is \$350,000.

- **Hawaii Library Access & Mobile Clinic.** RCUH accepted the State of Hawai'i Department of Health - Hawaii Library Access and Mobile Clinic Van Project. This direct project falls under the State of Hawai'i's Master Agreement. RCUH will be providing HR and fiscal administrative support. The project's scope is to:
  - Improve access for underserved communities in Hawai'i to online health information and telehealth services through the Hawaii State Public Library System,
  - Improve access to COVID-19 and preventive health services using mobile clinic vans statewide,
  - Establish a data collection and reporting system to catalog the information,
  - Develop educational activities and materials to support the project activities, and
  - Develop and maintain collaborative relationships among the participating communities and public and private agencies and organizations.

The estimated total budget is \$2,270,000.



May 27, 2022

**MEMORANDUM**

**TO:** Chair Eugene Bal, III  
and Members of the Board of Directors

**FROM:** Leonard R. Gouveia, Jr.  
RCUH Executive Director

**SUBJECT: Multi-Year Compensation (Pay Award and Pay Adjustment) Guidelines**

RCUH is proposing multi-year compensation guidelines effective July 1, 2022, July 1, 2023, and July 1, 2024 (or an alternate effective date of October 1<sup>st</sup> for projects' whose budgets are dependent on the new federal fiscal year). This multi-year pay adjustment schedule is consistent with the University of Hawai'i's ratified collective bargaining agreements' pay schedules. These compensation adjustments will allow Principal Investigators to provide competitive salaries, which are essential to recruiting and retaining highly qualified staff in a tight labor market. These guidelines are reasonable and needed to keep pace with record levels of inflation and Hawai'i's very low unemployment rate. The Multi-Year Guidelines also provide PIs a forecasting tool for future project budgets.

RCUH recognizes projects may have funding concerns, therefore the RCUH is proposing a range for both General and Merit Pay Awards (i.e., one-time payment) and Pay Adjustments (i.e., permanent increase to base pay rate). In addition, this proposal would allow PIs to provide only General or only Merit pay awards or adjustments. The high side of the General Pay Awards/Adjustments range is consistent with the UH collective bargaining pay adjustment for each year. All pay adjustments and pay awards are dependent upon availability of funds.

**July 1, 2022 Guidelines for General and Merit Pay Awards and Pay Adjustments**

2.0% to 3.72%	General Pay Award or Pay Adjustment	Eligible employees must receive a Satisfactory rating on their performance evaluation.
2.0% to 3.0%	Merit Pay Award or Pay Adjustment	Eligible employees must receive a Merit rating on their performance evaluation.
PI may also include a one-time 1.0% lump-sum pay award, for eligible employees as of July 1, 2021.		Eligible employees with a Satisfactory rating and who meet eligibility requirement (above). PIs will submit these pay awards on a separate ePAF.

**July 1, 2023 & July 1, 2024 Guidelines for General and Merit Pay Awards and Pay Adjustments**

3.0% to 5.0%	General Pay Award or Pay Adjustment	Eligible employees must receive a Satisfactory rating on their performance evaluation.
2.0% to 3.0%	Merit Pay Award or Pay Adjustment	Eligible employees must receive a Merit rating on their performance evaluation.

***RECOMMENDATION:*** That the Board approve the Multi-Year Compensation Guidelines for RCUH employees.

## Fiscal Year 2023 Budget

### Executive Summary

In Fiscal Year 2022, RCUH budgeted for an expected recovering economy and resumption to normal operations with pandemic restrictions beginning to ease. However, RCUH's planned operating spending was delayed pending resolution of two key issues: (1) a UH policy to restrict RCUH's fee reimbursement and (2) a discussion/renegotiation of the UH/RCUH Internal Agreement. Those two issues were resolved with the lifting of the 10% cap on RCUH's management fee, and agreement to keep the UH/RCUH Internal Agreement unchanged for the time being.

For Fiscal Year 2023, RCUH is submitting a budget with the intent to resume more normalized operations with the significant budget assumptions as follows:

- Overall FY 2023 revenue and expenses reflect marginal growth compared to the FY 2022 budget. Total revenues increased by \$129,000 (1.6%) and total expenses increased by \$91,000 (1.1%).
  - ▲ Salaries and wages include a 3.72% annual salary step increase for core staff for FY 2023 and a one-time payment of 1.0% of annual salary for FY 2022. These increases are equal to UH's recently negotiated Bargaining Unit 8 contract. The increases come after two consecutive years of no pay increases.
  - ▲ IT maintenance cost is budgeted to increase by \$160,500 (14.8%) over FY 2022's budget. The additional spending will be used to address deferred maintenance and major bug fixes.
- Capital expenditures for IT system development is budgeted to resume in FY 2023. The estimated capital expenditure is approximately \$1.1 million. The largest initiative will be Phase 1 of the replacement of the AS400 Accounting system. In addition, capital expenditures of \$300,000 have been budgeted for furniture purchases and improvements to the Burns Hall offices in preparation for the consolidation of RCUH staff in a single location.
- Working capital reserve is projected to be approximately \$6.1 million at the end of FY 2023.

**RCUH  
BUDGET  
FISCAL YEARS 2022 AND 2023**

	<u>FY22 Budget</u>	<u>FY22 Forecast</u>	<u>FY23 Budget</u>	
<b><u>OPERATING REVENUES &amp; EXPENSES:</u></b>				
<b>REVENUES</b>				
Fees from University of Hawaii				
Extramural	5,894,000	5,461,880	\$ 6,026,019	
Intramural	408,000	398,470	400,000	
Revolving	756,000	801,415	800,000	
Fees from direct projects	596,725	739,027	589,020	
Interest and other income	176,440	127,311	145,250	
<b>TOTAL REVENUES</b>	<b><u>7,831,165</u></b>	<b><u>7,528,102</u></b>	<b><u>7,960,289</u></b>	<b>A</b>
<b>EXPENSES</b>				
Salaries & fringes	4,744,362	3,901,590	4,754,364	<b>B</b>
IT services - Systemwide	1,081,374	1,228,373	1,241,825	<b>C</b>
Allocation of capitalized IT system development costs (depreciation)	855,000	780,489	665,000	<b>D</b>
Insurance	493,420	582,401	608,412	<b>E</b>
Professional/technical support & insurance deductibles	179,272	200,794	250,319	<b>F</b>
Rent	322,500	195,614	215,200	<b>G</b>
Other	114,100	124,173	121,490	<b>H</b>
Supplies	90,400	67,399	85,700	<b>I</b>
Staff development/training	85,350	76,261	77,500	<b>J</b>
Tuition support -- research personnel	37,500	37,500	75,000	<b>K</b>
External audit services	47,120	47,120	49,005	<b>L</b>
Bank fees	24,000	27,168	24,000	<b>M</b>
Communications	20,880	13,903	20,850	<b>N</b>
Travel	9,000	-	18,500	<b>O</b>
Equipment & Controlled Property	10,050	8,783	14,750	<b>P</b>
Discretionary fund	10,000	5,000	10,000	<b>Q</b>
UH awards -- researchers	16,500	16,500	-	<b>R</b>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>8,140,827</u></b>	<b><u>7,313,069</u></b>	<b><u>8,231,916</u></b>	
<b>NET INCOME (LOSS)</b>	<b><u>\$ (309,662)</u></b>	<b><u>\$ 215,033</u></b>	<b><u>\$ (271,627)</u></b>	<b>S</b>
<b><u>CAPITAL EXPENDITURES:</u></b>				
Furniture and Equipment	\$ -	\$ -	\$ 300,000	<b>T</b>
IT system development	1,018,953	200,000	1,120,423	<b>U</b>
<b>TOTAL CAPITAL EXPENDITURES</b>	<b><u>\$ 1,018,953</u></b>	<b><u>\$ 200,000</u></b>	<b><u>\$ 1,420,423</u></b>	
<b><u>WORKING CAPITAL RESERVE &amp; CASH FLOW:</u></b>				
Working capital reserve at beginning of year	\$ 6,337,823 *	\$ 6,337,823 *	\$ 7,133,345	
Net income (loss)	(309,662)	215,033	(271,627)	
Total capital expenditures	(1,018,953)	(200,000)	(1,420,423)	
Depreciation	855,000	780,489	665,000	
<b>NET CASH FLOW</b>	<b><u>(473,615)</u></b>	<b><u>795,522</u></b>	<b><u>(1,027,050)</u></b>	<b>V</b>
<b>WORKING CAPITAL RESERVE AT END OF YEAR</b>	<b><u>\$ 5,864,208</u></b>	<b><u>\$ 7,133,345</u></b>	<b><u>\$ 6,106,295</u></b>	

## Notes to Budget for FY 2023

<b>A</b>	<b>Total Revenues:</b> Total revenue reflects an increase of \$129,000 (1.6%) compared to the 2022 budget. The overall increase will be driven by Extramural project fees that are expected to increase as expenditures from extramural projects are anticipated to increase relative to total project expenditures. Intramural and Revolving fees are expected to remain flat as compared to the FY 2022 budget. Direct project fees are expected to decrease as compared to the FY 2022 forecast as the Governor’s Emergency Education Relief funds wind down.																												
<b>B</b>	<b>Salaries and fringes:</b> After two second consecutive fiscal years (FY 2021 and FY 2022) of no increases, FY 2023 includes a 3.72% salary step increase for core staff employees. In addition, the FY 2022 forecast includes a one-time payment to core staff employees equal to 1% of their annual salary. The step increase and one-time payment are consistent with the negotiated increases for UH’s Bargaining Unit 8, which is considered a similarly comparable function to RCUH’s operations.																												
<b>C</b>	<b>IT Service - Systemwide:</b> The FY 2023 budget includes core maintenance and operating costs. The FY 2023 increases the budget by approximately \$160,500 (15%). The increase will be used to address deferred maintenance and bug fixes that were not addressed in the previous two fiscal years due to budget constraints.																												
<b>D</b>	<b>Depreciation:</b> Depreciation expense is a result of prior years’ capitalized expenditures in IT improvements that are depreciated over a 6-year straight line method. The depreciation expense is projected to decrease by \$190,000 (22%) in FY 2023 as significant capitalized IT costs from 2016 become fully depreciated and minimal IT improvements were performed in FY 2021 and FY 2022.																												
<b>E</b>	<b>Insurance:</b> The FY 2023 budget includes negotiated premiums for general liability, excess liability, auto, aviation, directors and officers, professional liability, fiduciary, hull and machinery and vessel pollution and marine liability. Insurance premiums have escalated due to tight market conditions.																												
<b>F</b>	<b>Professional/technical support &amp; insurance deductibles:</b> The FY 2023 budget includes legal fees (HR, Taxes, Immigration, Marine, etc.) and actuary fees. The budget for legal fees was increased for HR due to a pending wage hour complaint.																												
<b>G</b>	<b>Rent:</b> Includes rent for office space in Mānoa Innovation Center (MIC), Burns Hall (BH), and equipment. The significant portion of Rent is office rent. MIC rent (\$80,000) is budgeted through November 2022. Core staff operations are anticipated to be moved by November to BH. BH rent (\$120,000) is recovered per terms of the UH/RCUH Internal Agreement. Significant rent savings (in excess of \$100K) will be realized starting next year.																												
<b>H</b>	<p><b>Other Expenses</b> (Detailed breakdown as follows):</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Description</th> <th style="text-align: right;">FYE Budget 2023</th> </tr> </thead> <tbody> <tr> <td>Document Storage &amp; Destruction</td> <td style="text-align: right;">40,540</td> </tr> <tr> <td>Membership Dues, Subscriptions &amp; Licensing Fees</td> <td style="text-align: right;">35,050</td> </tr> <tr> <td>Service Awards</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Outstanding Employee of the Year</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>ACH Processing Fees</td> <td style="text-align: right;">6,000</td> </tr> <tr> <td>Movers</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Board Meetings</td> <td style="text-align: right;">4,000</td> </tr> <tr> <td>New signage and stationary</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Calendar</td> <td style="text-align: right;">1,500</td> </tr> <tr> <td>Annual Report</td> <td style="text-align: right;">1,000</td> </tr> <tr> <td>Repairs and Maintenance</td> <td style="text-align: right;">500</td> </tr> <tr> <td>Miscellaneous</td> <td style="text-align: right;">5,900</td> </tr> <tr> <td><b>Total Other Expenses</b></td> <td style="text-align: right;"><b>121,490</b></td> </tr> </tbody> </table>	Description	FYE Budget 2023	Document Storage & Destruction	40,540	Membership Dues, Subscriptions & Licensing Fees	35,050	Service Awards	10,000	Outstanding Employee of the Year	10,000	ACH Processing Fees	6,000	Movers	5,000	Board Meetings	4,000	New signage and stationary	2,000	Calendar	1,500	Annual Report	1,000	Repairs and Maintenance	500	Miscellaneous	5,900	<b>Total Other Expenses</b>	<b>121,490</b>
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<b>I</b>	<b>Supplies:</b> Includes all operating office supplies (e.g., paper, envelopes, printer ink, postage, etc.)																												
<b>J</b>	<b>Staff development/training:</b> The FY 2023 budget includes development of one training video, the renewal of the LITMOS online training platform, and department-specific trainings.																												

<b>K</b>	<b>Tuition Support:</b> This is an RCUH program to encourage RCUH employees to seek and acquire education training that is directly applicable to the individual's job at the RCUH through coursework at the UH or another accredited institution if the course is not offered at the UH. The FY 2023 budget reflects a commitment of \$75,000 toward tuition expense reimbursement. This returns the budget to a pre-pandemic level.														
<b>L</b>	<b>External audit services:</b> Fees paid to CPAs for audit of external financial statements and audit of the Extramural Management Fee charged by RCUH to UH under the Internal Agreement. Fees are annually approved by the RCUH Audit Committee.														
<b>M</b>	<b>Bank Fees:</b> Fees paid to financial institution for transactional services.														
<b>N</b>	<b>Communications:</b> Expenses for maintenance and operation of phone systems.														
<b>O</b>	<b>Travel:</b> Travel for campus visits, security trainings, and meetings.														
<b>P</b>	<b>Equipment &amp; Controlled Property:</b> Includes purchases of desk computers, laptops, tablets, computer upgrades, printers and small equipment.														
<b>Q</b>	<b>Discretionary fund:</b> Funds available to pay for RCUH business expenses at the discretion of the Executive Director.														
<b>R</b>	<b>UH Awards:</b> UH's Office of VPRI has decided to move these awards for the UH Excellence in Research awardees back to UH.														
<b>S</b>	<b>Net loss:</b> Total operating expenses will exceed budget total revenues. The anticipated net loss (deficit) of \$272,000 will be covered by funds in RCUH's working capital reserve.														
<b>T</b>	<b>Capital Expenditure – Furniture and Equipment:</b> Estimated cost to properly furnish Burns Hall for expected move of Executive Director, Corporate Services, and Finance departments to Burns Hall. This move will consolidate the entire RCUH operations in one office as well as provide UH the opportunity to lease the vacated Mānoa Innovation Center office space at a more favorable market rate.														
<b>U</b>	<p><b>Capital Expense (IT system development):</b> System development initiatives that were previously approved by the RCUH Board in its ITS Enterprise Transformation Plan and placed on hold since FY 2020 will resume in FY 2023. Planned projects include:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Description</th> <th style="text-align: right;">FYE 2023 Budget</th> </tr> </thead> <tbody> <tr> <td>Account System Conversion (Cloud Based SAAS) - Phase I</td> <td style="text-align: right;">750,000</td> </tr> <tr> <td>Current Accounting System Deferred Major Fixes and Enhancements</td> <td style="text-align: right;">100,000</td> </tr> <tr> <td>ePerformance Evaluation</td> <td style="text-align: right;">125,000</td> </tr> <tr> <td>Benefit Administration (eBenefit Enrollment/Change, ACA Phase I)</td> <td style="text-align: right;">75,000</td> </tr> <tr> <td>eHiring/On-Boarding System (Phase I)</td> <td style="text-align: right;">70,423</td> </tr> <tr> <td><b>Total IT Capital Expenditures</b></td> <td style="text-align: right;"><b>1,120,423</b></td> </tr> </tbody> </table>	Description	FYE 2023 Budget	Account System Conversion (Cloud Based SAAS) - Phase I	750,000	Current Accounting System Deferred Major Fixes and Enhancements	100,000	ePerformance Evaluation	125,000	Benefit Administration (eBenefit Enrollment/Change, ACA Phase I)	75,000	eHiring/On-Boarding System (Phase I)	70,423	<b>Total IT Capital Expenditures</b>	<b>1,120,423</b>
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<b>V</b>	<b>Working capital reserve:</b> The FY 2023 budget reflects a net decrease in the working capital reserve of \$1.0 million. The working capital reserve at the end of FY 2023 is expected to be approximately \$6.1 million.														