



Minutes
BOARD OF DIRECTORS
The Research Corporation of the University of Hawai'i
Friday, June 3, 2022
Mānoa Innovation Center, 2nd Floor Boardroom
2800 Woodlawn Drive, Honolulu, HI 96822

PRESENT:

Eugene Bal, Kelli Goodin, Ken Hayashida, David Karl, Jaret KC Leong, Joseph Pickard, Vassilis Syrmos. Excused: Diane Paloma

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

CALL TO ORDER:

The meeting was called to order by Chair Bal at 9:02 a.m.

WELCOME NEW BOARD MEMBER, RCUH DIRECTOR

Chair Bal welcomed Jaret KC Leong to the RCUH Board of Directors. Mr. Leong was appointed by Representative Saiki and his term on the board extends through June 30, 2025. Mr. Leong is the director of the Mānoa Academy and Academic Pathways at the UH Mānoa College of Social Sciences, he chairs the Mānoa Staff Senate, and also serves as a board member on the HGEA Business Unit 8 Board of Directors.

Executive Director Gouveia followed with an introduction for Kira Higa as RCUH's new Director of Human Resources. Ms. Higa previously served as HR Director for Hawaiian Telcom where she oversaw daily HR operations and led negotiations between the company and the union. She is also a graduate of the Patsy Mink Wahine Leadership Cohort, a member of the Hawaii Workforce Development Council, and a board member for the Lanakila Pacific Foundation.

PUBLIC COMMENT PERIOD (IF APPLICABLE)

No written or oral testimony was received.

APPROVAL OF MINUTES OF THE MARCH 1, 2022 MEETING

Upon motion made (Karl), seconded (Hayashida), and duly carried, the minutes of the March 1, 2022 meeting was approved.

FINANCIAL STATEMENT FOR APRIL 2022

Mr. Yee noted that total assets remained at about \$42.8 million and total liabilities were \$33.1 million, resulting in \$9.7 million in retained earnings. He explained that since RCUH is in a service industry, it does not own any real estate; current assets are essentially IT improvements. This also means that RCUH experiences a fluctuation in cash as it disburses payments for research projects.

While covering the statement of revenues and expenses, Mr. Yee stated that RCUH was nearly 10% under its projected spending, driven by the number of vacancies. He also noted that RCUH settled a sizable claim in the last quarter stemming from a HR-related issue. Mr. Yee shared that RCUH intentionally spent little on capital investments this fiscal year as there were uncertainties about RCUH's management fee moving forward.

Mr. Yee announced that RCUH's volume of business increased roughly 10% over the last year, as projects expended approximately \$238.6 million. Director Karl questioned whether the variance between the 10% increase in work and reduction of staff has resulted in processing delays or whether RCUH was previously overstaffed. ED Gouveia responded that he has been receiving complaints from various projects and stakeholders and that staff are working as best they can. He emphasized that RCUH is currently understaffed and thanked the existing employees who have been putting in extra hours. ED Gouveia added that Kira is aware of the situation and is working to fix it.

Director Leong questioned whether the hiring freeze on the UH side has impacted RCUH's work. ED Gouveia acknowledged that it has impacted RCUH's work and that RCUH has been trying to follow UH's lead on numerous issues. RCUH also implemented a hiring freeze in terms of creating more positions, however it has struggled to fill existing vacancies. ED Gouveia noted that RCUH has filled two positions since Ms. Higa has come on board.

Chair Bal asked Mr. Yee whether he correctly interpreted retained earnings as reserves. Mr. Yee concurred that RCUH's retained earnings is essentially its net worth. He explained that by deducting the non-fungible capital assets and project contingent liability reserve from the retained earnings, it totals \$6.3 million, which is essentially the working capital reserve. Director Syrmos suggested that it would be useful if RCUH administration presented a reserve policy to the board so that the directors can understand the purpose of the reserves, the target for the reserves, how RCUH determines the target, etc. ED Gouveia noted that developing a reserve policy is included in RCUH's strategic plan, however RCUH has had to prioritize other issues over the past year. He agreed that this is a good topic to bring up for new board members and will ensure that it does not fall off the radar.

EXECUTIVE DIRECTOR'S REPORT

ED Gouveia began his report congratulating the 2022 graduates across the state and reiterating his thanks to RCUH's core staff. He followed up with a brief description of the process for presenting the Executive Director's report for Director Leong.

- Recognition of Outgoing HR Director Nelson Sakamoto: ED Gouveia recognized former HR Director Nelson Sakamoto for his 30 years of service to RCUH.
- Legislative Update: ED Gouveia stated that the two bills involving RCUH failed to pass after the crossover to the House. He shared that RCUH appreciates everyone who submitted testimony in opposition to these two measures and that RCUH will continue to work closely with UH to ensure proper policies and procedures are being followed. Even though the bills did not pass, ED Gouveia emphasized that there were good discussions and issues identified through those hearings and it's important to RCUH to address these concerns; some of these concerns were already under the process of being addressed with Director Syrmos, including:
 1. Proper use of Revolving funds,
 2. Proper use of RCUH positions to support UH, and the
 3. Use of RTRF and evaluation of the UH/RCUH Internal Agreement.
- Revolving Funds Update: ED Gouveia provided a brief overview of Director Syrmos' presentation to the UH Board of Regents Internal Audit Committee, relating to Senator Kim's request for an audit of all Revolving funds. ED Gouveia met with Director Syrmos and other UH administrators on April 28th, and thanked them for including RCUH in the discussion, while acknowledging that it is UH's decision how to process these accounts.
- HR/RCUH Positions/Attachment B Update: The UH Office of Human Resources met to discuss the existing Attachment B process and procedure. It resulted in a request for guidance from the Office of General Counsel and possibly the Deputy Attorney General on how to move forward. ED Gouveia thanked UH for including RCUH in this discussion and remarked that it was helpful to have Directors Syrmos and Leong as part of the review group.

- UH RTRF Policy Update: ED Gouveia met with President Lassner, Director Syrmos, and Chair Bal to discuss the UH/RCUH Internal Agreement in alignment with RCUH's strategic plan. After serious discussion, it was agreed upon that the 10% cap on RCUH's management fee should be removed from UH Executive Policy 12.216. Director Syrmos confirmed that he would be distributing a memo announcing the removal of the cap on the RCUH management fee and explain the new allocation of expenditures. This change will result in a significant redistribution of who pays for the RCUH management fee, as UH Mānoa has been subsidizing the fee for community colleges, UH Hilo, and the UH System. The new formula will accurately attribute the management fee to the projects who use RCUH services, resulting in \$1 million in savings for the UH Mānoa campus. Director Syrmos stated that RCUH should be allowed to manage its own finances and allow people to make a decision whether to use that service or not. He added that the transition of the Revolving accounts should be done by next spring and will be managed by the University, using the RCUH service order mechanism.
- Move to Burns Hall: Now that RCUH's Leadership Team has been completed with Ms. Higa's recruitment, the move to Burns Hall will be progressing. Over the years RCUH has inherited furniture from various locations, but the aging, hand-me-down furniture does not contribute to an efficient workspace. With this move, RCUH plans to replace and retrofit most of its offices, but those with newer furniture will be left unchanged. RCUH management is currently reviewing the Request for Proposal (RFP), which will be posted shortly.
- Telework Policy Update: RCUH has restarted internal discussions on a proposed telework policy. RCUH plans to mimic UH's telework policy to the greatest extent possible.
- IT Position Search: ED Gouveia shared that RCUH needs an IT specialist to assist with the day-to-day IT issues, as well as production of documents and information requests. RCUH received assistance from UH ITS on developing an appropriate job description and will work close with the department to collaborate on training, software, and other IT-related issues.

ED Gouveia provided brief updates on other actions related to the strategic plan:

- Multi-Factor Authentication: RCUH has been working closely with UH IT on the solicitation and implementation of that system.
- Conflict of Interest Disclosures: RCUH has had discussions with the UH Office of Research Compliance to implement a COI policy aligned with UH Executive policy 12.214 and Administrative policies 12.304 and 5.504.
- Annual Forum: RCUH conducted a virtual forum "Pathways to Research Success: Lessons Learned" on May 18, featuring three experienced and successful UH researchers.
- New Direct Projects: RCUH identified new direct projects. ED Gouveia reiterated that RCUH cannot take any project at will and must ensure that it meets the appropriate criteria. RCUH has started to track direct project requests that have been rejected after being screened.

In relation to the Revolving funds, Director Leong mentioned that he had watched Director Syrmos' presentation to the UH Board of Regents and wanted a better understanding of what would happen to projects that are marked as "Does Not Meet." He recalled that Director Syrmos identified 104 programs and wanted to know whether that list of projects would be made public and how those projects would be impacted. Director Syrmos responded that the Master's programs at the Shidler School of Business would be run through the tuition account of the University, as will the Master's in Civil Engineering. This change would not affect anyone, but the project will be returned to and administered by the University to ensure that the revenue is going to the Tuition Special Fund account. Director Syrmos added that he is not sure whether the accounts are public or not, but that he will first inform the account users of whether they meet/do not meet the criteria and ask them to move the programs to the University. If there are deficits, those need to be corrected and closed. Director Syrmos stated that if RCUH wants to provide a copy of those projects, Director Leong can view it.

Director Syrmos clarified that these Revolving accounts will reside within the University's Quali Financial System, similar to Extramural funds, and researchers can decide whether to service order the program to RCUH. This will allow UH to monitor these accounts on a daily basis and report them with the financials of the University. He stated that UH needs at least a year for this transition to ensure that there is no negative impact for the people on the project. Director Leong appreciated the explanation and timeline, and wanted to make sure that projects had enough time to either wind down or transition as needed. He followed up with an inquiry about the hiring of the individual who will be monitoring these accounts and Director Syrmos shared that he believes the recruitment ad has been published.

Director Syrmos suggested that these accounts can be moved from Schedule B to Schedule A in the UH/RCUH Internal Agreement. This would provide RCUH with more resources to manage these funds as it only charges 3%, which is too low in his opinion. He stated that RCUH does a good job, but does not believe it can continue to charge that rate; however this can be evaluated at a later time.

MULTI-YEAR COMPENSATION GUIDELINES EFFECTIVE JULY 1, 2022

ED Gouveia reported that he worked on the compensation guidelines memo with former HR Director Sakamoto and that Ms. Higa is currently evaluating the guidelines to determine if any changes are necessary. He was not aware whether the ratification on HGEA Unit 8's bargaining agreement has occurred, but shared that Mr. Sakamoto had confirmed the proposed percentages with UH's HR office. Director Syrmos concurred that the proposal matched the percentages in the final agreement.

Director Karl noted that in the past these guidelines were distributed on an annual basis and inquired why this proposal includes multiple years. ED Gouveia responded that there were no raises for two years and that the parties agreed to a long-term compensation package. Director Syrmos clarified that RCUH's salary adjustments were done on an annual basis based on revenue projections. ED Gouveia proposed that the board votes on the guidelines for Fiscal Year 2023, rather than multiple years.

Upon motion made (Karl), seconded (Goodin), and duly carried, the July 1, 2022 Guidelines for General and Merit Pay Awards and Adjustments were approved.

BUDGET APPROVAL FOR FISCAL YEAR 2023 (JULY 1, 2022 – JUNE 30, 2023)

Mr. Yee highlighted two key issues that shaped RCUH's Fiscal Year 2023 budget: the cap on RCUH's management fee per UH policy, and the renegotiation of the UH/RCUH Internal Agreement. As those issues have been settled, RCUH intends to restore some of its former expenditures, such as salary adjustments for core staff and capital expenditures for IT systems and the move to Burns Hall. Mr. Yee anticipates a slight increase in revenue for FY 2023.

Director Karl pointed out that a 3.82% projected salary adjustment for core staff after two years will still put them behind project staff who are funded by grants. He questioned whether the percentage needs to be tied to HGEA's bargaining agreements or whether RCUH employees are fundamentally different. Director Syrmos emphasized that most RCUH employees are paid from extramural, or federal, funds, whereas 90%+ of the RCUH management fee is RTRF funds, which are State-appropriated funds. In his opinion, RCUH employees on State-appropriated funds should not be treated differently from UH employees. Director Karl acknowledged that this is a complicated issue and questioned whether any RCUH project staff have benefited from a salary adjustment paid by his funds somewhere in the University. Once the money gets down to the PI-level, he is unsure whether they'd be considered State-appropriated. Director Syrmos responded that he is unsure who tracks that, but emphasized that the new allocation formula for the RCUH management fee supports a responsibility-centered budget since it will affect each RCUH user's RTRF.

ED Gouveia recognized that he's been on both sides of this issue, but agrees that RCUH core staff should be compared to UH employees doing similar work. He does not believe that RCUH employees on federal funds should be capped if the PI's submitted budget incorporates pay adjustments and was approved by the federal government. Although the practice may not seem fair, the federal government has been flowing money into universities to support these research projects.

Director Leong asked whether it is standard practice to tie RCUH's salary adjustment for core staff with the Bargaining Unit 8 contract. He added that he feels for the projects who have not been able to give their staff increases in the last two years for whatever reason. ED Gouveia recognized that this has been an ongoing issue for the University, which can have staff in the same offices getting paid under different rules (e.g., Civil Service, APT, RCUH employees). He is concerned as RCUH's core staff have been working extra hours and while he appreciates Director Karl's support, he does not want to add to the inequality issues by providing raises. ED Gouveia plans to follow the union and is expecting to provide 5% increases for the following two fiscal years (i.e., FY 2024, FY 2025).

Upon motion made (Goodin), seconded (Leong), and duly carried, RCUH's Fiscal Year 2023 budget was approved.

ADJOURNMENT

The meeting adjourned at 10:25 a.m.

/s/ Kaylee Hull

Kaylee Hull
Executive Administrator

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