

The logo for the Research Corporation of the University of Hawai'i, featuring the letters 'RCUH' in a bold, blue, sans-serif font inside a white rectangular box.

Research Corporation  
of the University of Hawai'i

# Introduction to RCUH

A solid yellow horizontal bar.

February 2023

The background of the slide is a blue-tinted photograph of a large, modern building with a tiered, cylindrical design, situated on a hill. The building is partially obscured by the blue tint and the text overlay.



# Presentation Outline

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- About RCUH
- Overview of RCUH Financials
- Summary of State Audits
- Current Priorities







# About RCUH

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# About RCUH

## A Brief Background

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The Research Corporation of the University of Hawai'i (RCUH) was established by the Hawai'i State Legislature in 1965 as a public instrumentality and is attached to the University of Hawai'i for administrative purposes. RCUH provides the ancillary services to hire personnel and procure goods/services on behalf of its clients (e.g., UH, state agencies, private not-for-profits).

### **MISSION**

To support and enhance research, development, and training in Hawai'i, with a focus on the University of Hawai'i.

### **VISION**

A Hawai'i where research, development, and training flourish and energize a prosperous state economy.

**[Click here to view RCUH's historical highlights from each decade.](#)**



# RCUH Board of Directors



**Eugene Bal III**

*Chair, UH Board of Regents Appointee*



**Kelli Goodin**

*Vice Chair, Governor's Non-UH Research Organization Appointee*



**Ken Hayashida**

*Governor's Business Sector Appointee*



**David Karl**

*Governor's UH System Research Faculty Member Appointee*



**Jaret KC Leong**

*House Speaker's Appointee*



**Diane Paloma**

*UH Board of Regents Appointee*



**Taryn Salmon**

*Senate President's Appointee*

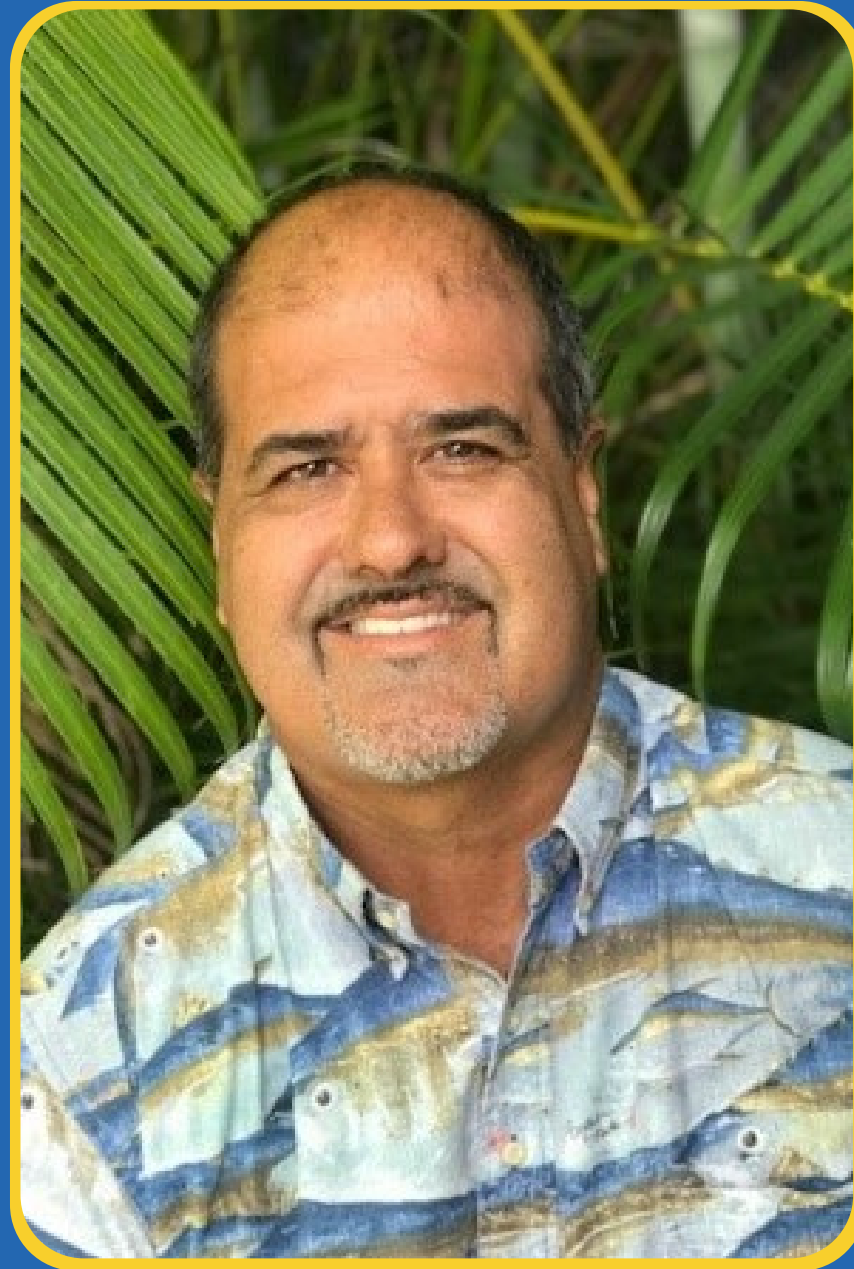


**Vassilis Syrmos**

*UH Vice President for Research and Innovation (ex-officio, non-voting)*



# RCUH Leadership



## Leonard R. Gouveia, Jr.

### RCUH Executive Director

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B.S., Chaminade University

J.D., Gonzaga University School of Law

More than 18 years of experience at the University of Hawai'i serving in a variety of roles:

- Director, UH Office of Research Services
- Director, UH Office of Research Compliance
- Director, UH Office of Export Control
- UH Facility Security Officer



# RCUH's Function

## What is our purpose?

Research contracts often require a much more flexible and streamlined method of operation than is permitted by typical state agencies, which is one of the primary reasons why RCUH was created. In order to help the University run more like a business, RCUH was established to help hire personnel and procure goods and services in an expeditious manner. To provide this flexibility and expedite actions for research projects, RCUH is excepted from certain state laws, such as:

- **Sections 36-27 and 36-30**, relating to special fund reimbursements to the state general fund
- **Chapter 103D**, relating to procurement and construction contracts\*
- **Chapter 76**, relating to civil service
- **Section 78-1**, relating to public employment

**Click here to view a synopsis  
from the 1965 Senate Journal**

\* *Provided that the exception shall not apply where state funds are used and compliance with Chapter 103D is required by a bill enacted by the legislature*



# RCUH Operations & Services

## Departments



### *Finance*

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- Accounting
- Disbursing
- Employee Travel
- Procurement
- Project Administration



### *Human Resources*

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- Employee Benefits
- Employment
- Information Systems
- Payroll
- Recruitment



### *Corporate Services*

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- Board Matters
- Communications
- Executive Office Support
- Online Training
- Special Events



# Project Portfolio

## Who We Serve

Although the numbers fluctuate throughout the year, RCUH services approximately **3,800 active research and training projects** and processes more than \$250 million in annual expenditures for researchers.

These projects employ approximately **2,500 individuals** in a wide range of fields, including astronomy, oceanography, health, human services, natural resources, agriculture, education, business, and other areas. Employees are located throughout the state of Hawai'i, as well as the continental U.S. and other countries.

[Click here for an overview  
of RCUH's FY 2022 statistics](#)





# Overview of RCUH Employees

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## ***RCUH employees are state, non-civil service employees***

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All employees are subject to all applicable RCUH policies and procedures, UH and/or business entities' policies and procedures (as applicable), as well as the Hawaii State Ethics Code.

## ***Employment is dependent upon funding***

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Since RCUH employees are not paid from appropriated General funds (G-funds), continuation of employment is dependent upon availability of funds, program needs, satisfactory work performance, and compliance with applicable federal and state laws.

## ***RCUH employees are non-union and have different benefits from UH/State employees***

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[Please click here for an overview of employee benefits.](#)

# Guidelines for Hiring RCUH Employees

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*(for UH Projects)*

**AP 12.203**

» Click to View

1

Any UH request which involves the appointment of an RCUH employee for a covered type of position shall be accompanied by a Service Order Personnel Form which must be reviewed and approved by the UH Office of Human Resources before it is sent to the UH Office of the Vice President for Research and Innovation for final institutional approval.

2

Any covered type of position that is continuously filled by an RCUH employee for three years shall be subject to review and re-authorization by the UH Office of Human Resources and VPRI.

3

The RCUH shall not establish any covered type of position unless it has been specifically approved by the UH Office of Human Resources and VPRI.



# Overview of RCUH Financials

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# RCUH's Operations

## How is RCUH funded?

RCUH does not directly receive any appropriated G-funds from the State Legislature to support its operations. Instead, RCUH is funded through fees collected from a percentage of expenditures that run through RCUH's Financial System.

University of Hawai'i projects pay RCUH based on the applicable formula/rate stated in the Internal Agreement between UH and RCUH. Direct projects from state agencies follow the formula listed in the Master Agreement.

**It cost UH just 2.5% of its FY 2022 expenditures to run its research and training projects through RCUH.**





# RCUH REVENUE SOURCES

## ***UH EXTRAMURAL PROJECTS***

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Externally sponsored federal and non-federal contracts, grants, and other agreements

## ***UH INTRAMURAL PROJECTS***

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Internally sponsored programs or activities funded with UH Research and Training Revolving Funds (RTRF) or Tuition and Fee Special Funds (TFSF)

## ***UH REVOLVING PROJECTS***

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Self-sustaining, income-generating projects established to support a specialized service activity, a recharge center, or other sales and service activities

## ***DIRECT PROJECTS***

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Projects assigned to and accepted by RCUH from non-UH organizations, including federal and state agencies, international organizations, and other not-for-profit organizations



**Flow Chart of Grant Awards**

# UH Service Orders to RCUH

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## *RP 12.207*

» [Click to View](#)

## *AP 12.203*

» [Click to View](#)

## *AP 12.204*

» [Click to View](#)

## *UH Extramural Funds (RP 12.207, AP 12.203)*

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The university service orders extramural contracts and grants to RCUH. However, RCUH shall not be used to circumvent statutes, board policies, contracts, settlements, or regulations.

## *UH Intramural Funds (RP 12.207, AP 12.203)*

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To request RCUH's services for an intramural funded project, it should be for a new or on-going scientific and technical developments or unanticipated contingency situation that requires immediate action for the successful completion of the project or activity.

## *UH Revolving Accounts (AP 12.204)*

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A revolving account should be established only if it can operate as an ongoing activity.



# Internal Agreement

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## *UH/RCUH Internal Agreement*

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### *About the Internal Agreement*

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The Internal Agreement establishes a mutually acceptable set of relationships, responsibilities, and procedures. This agreement controls fees paid by UH to RCUH and has been in place since 1968. It compensates RCUH for servicing three types of University projects/accounts:

- *UH Extramural Projects*
- *UH Intramural Projects*
- *UH Revolving Accounts*

It has been renegotiated, amended, and restated 10 times in its 50-year history, most recently in 2017, and is currently being re-evaluated.

# Current UH Management Fee

(Agreement since 2007 and restated in 2017)

Project Type	Cost Base	Cost Rate
UH Extramural Projects	RCUH Operating Expense	$\% = \text{Extramural MTDC} / \text{All Projects MTDC}$
UH Intramural Projects	MTDC	2.9%
UH Revolving Accounts	MTDC	2.9%

**Modified Total Direct Cost (MTDC)** is a federal term used to determine reimbursable indirect costs on grants and contracts. MTDC includes costs such as salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and the first \$25,000 of each subaward. In accordance with the federal definition, it excludes costs such as equipment, capital expenditures, scholarships and fellowships, and the portion of each subaward in excess of \$25,000.



# FY 2022 VOLUME OF BUSINESS

(Monies that were processed in the RCUH Financial System on behalf of research projects)

## *EXTRAMURAL EXPENDITURES*

**\$220,558,687**

or

**76.6%**

of RCUH's volume  
of business

## *REVOLVING EXPENDITURES*

**\$32,732,567**

or

**11.4%**

of RCUH's volume  
of business

## *INTRAMURAL EXPENDITURES*

**\$14,867,158**

or

**5.2%**

of RCUH's volume  
of business

## *DIRECT EXPENDITURES*

**\$19,819,260**

or

**6.9%**

of RCUH's volume  
of business

**TOTAL FY 2022 EXPENDITURES: \$287,977,672**

# FY 2022 RCUH REVENUE

(RCUH Revenue collected from UH Extramural, Intramural, and Revolving Projects)

## *EXTRAMURAL FEES*

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**\$5,486,221**

or

**2.5%**

of UH's Extramural  
Expenditures

## *REVOLVING FEES*

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**\$806,350**

or

**2.5%**

of UH's Revolving  
Expenditures

## *INTRAMURAL FEES*

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**\$412,528**

or

**2.8%**

of UH's Intramural  
Expenditures

## *TOTAL FEES PAID BY UH*

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**\$6,705,099**

or

**2.5%**

of UH's Expenditures  
processed by RCUH

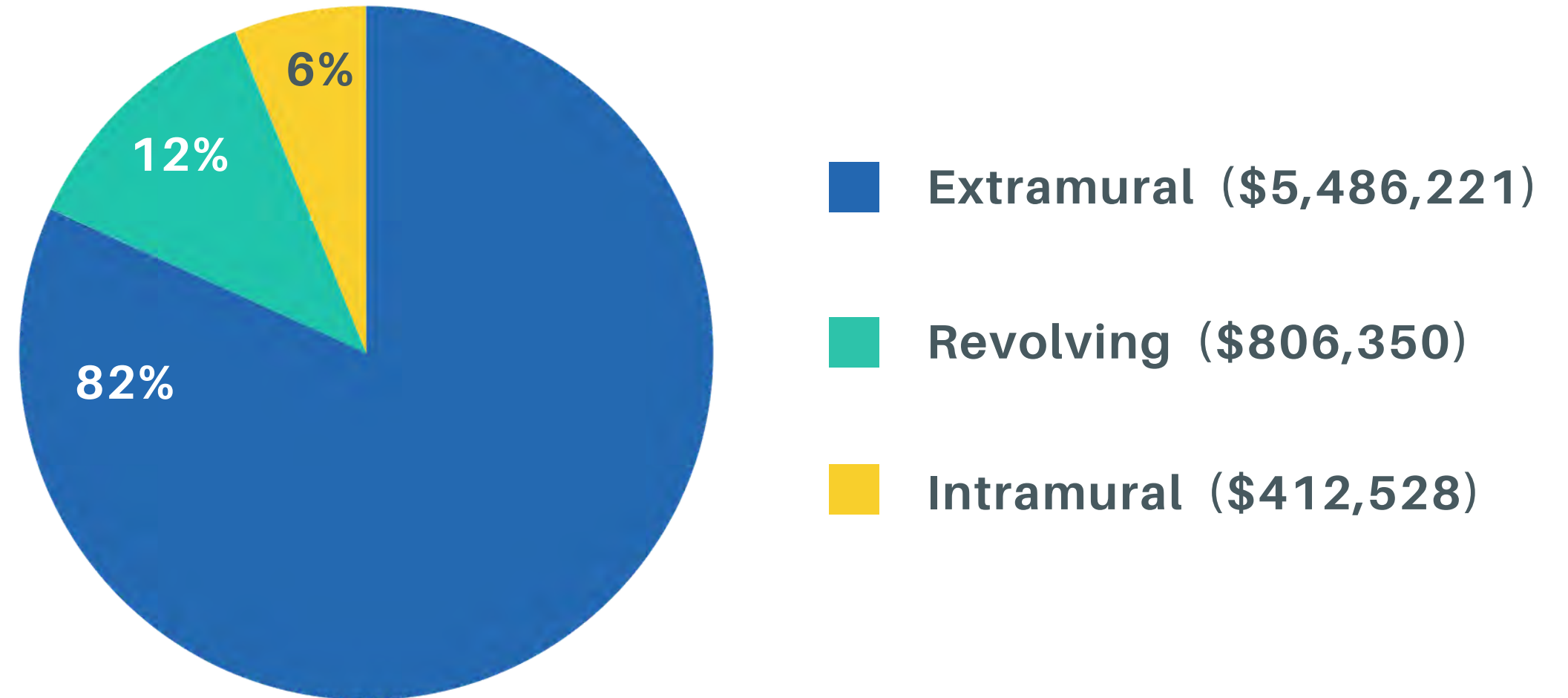


# FY 2022 RCUH Revenue

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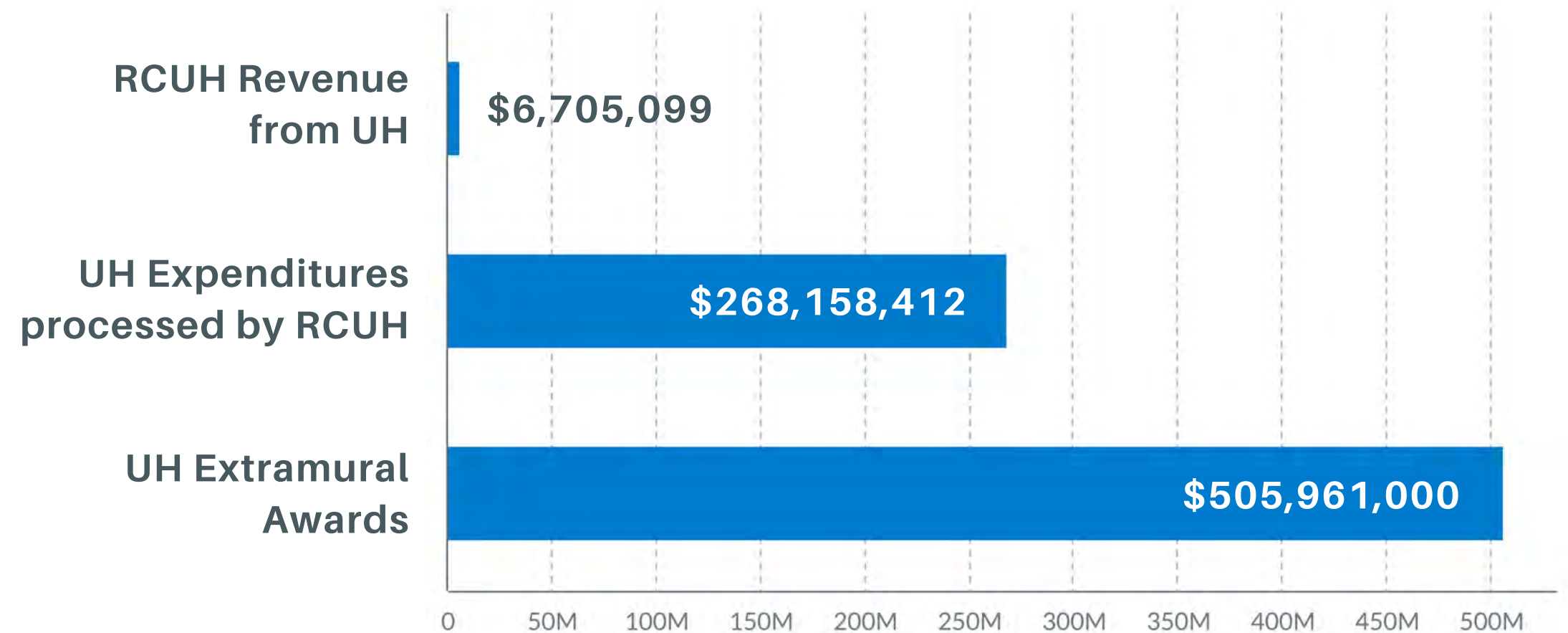
*(from UH Projects)*

**FY 2022 Fees Collected from UH:**  
**\$6,705,099**



# UH Awards, Expenditures, and RCUH Revenue

## FY 2022 Comparison



**NOTE:** Extramural awards can extend across multiple fiscal years, and not all expenditures are run through RCUH (e.g., salaries for UH researchers).



# Master Agreement

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## *State of Hawai'i/RCUH Master Agreement*

» Click to View

## *Flow Chart for Accepting Direct Projects (State)*

» Click to View

## *About the Master Agreement*

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This agreement compensates RCUH for servicing state agencies (excluding UH) and establishes the guidelines state agencies must follow in order to seek RCUH services. Here are some examples of the criteria projects must follow:

- The nature of the research or investigation is at an intellectual level appropriate for university-level research
- Funding for the project exceeds \$25,000
- The project does not involve classified research
- The State program manager requires professional assistance in such areas as the development of the project scope
- Private sector assistance for the project is inappropriate because of such factors as lack of technical expertise, etc.

# Current Management Fee for Direct Projects



Project Type	Cost Base	Cost Rate
Direct Projects (State & Private)	MTDC	3.1% - 5.0%

Direct Projects that are a State of Hawai'i Department/Agency have an indirect cost rate of 3.1%. Direct Projects that are Non-State entities have an indirect cost rate of 5.0%.

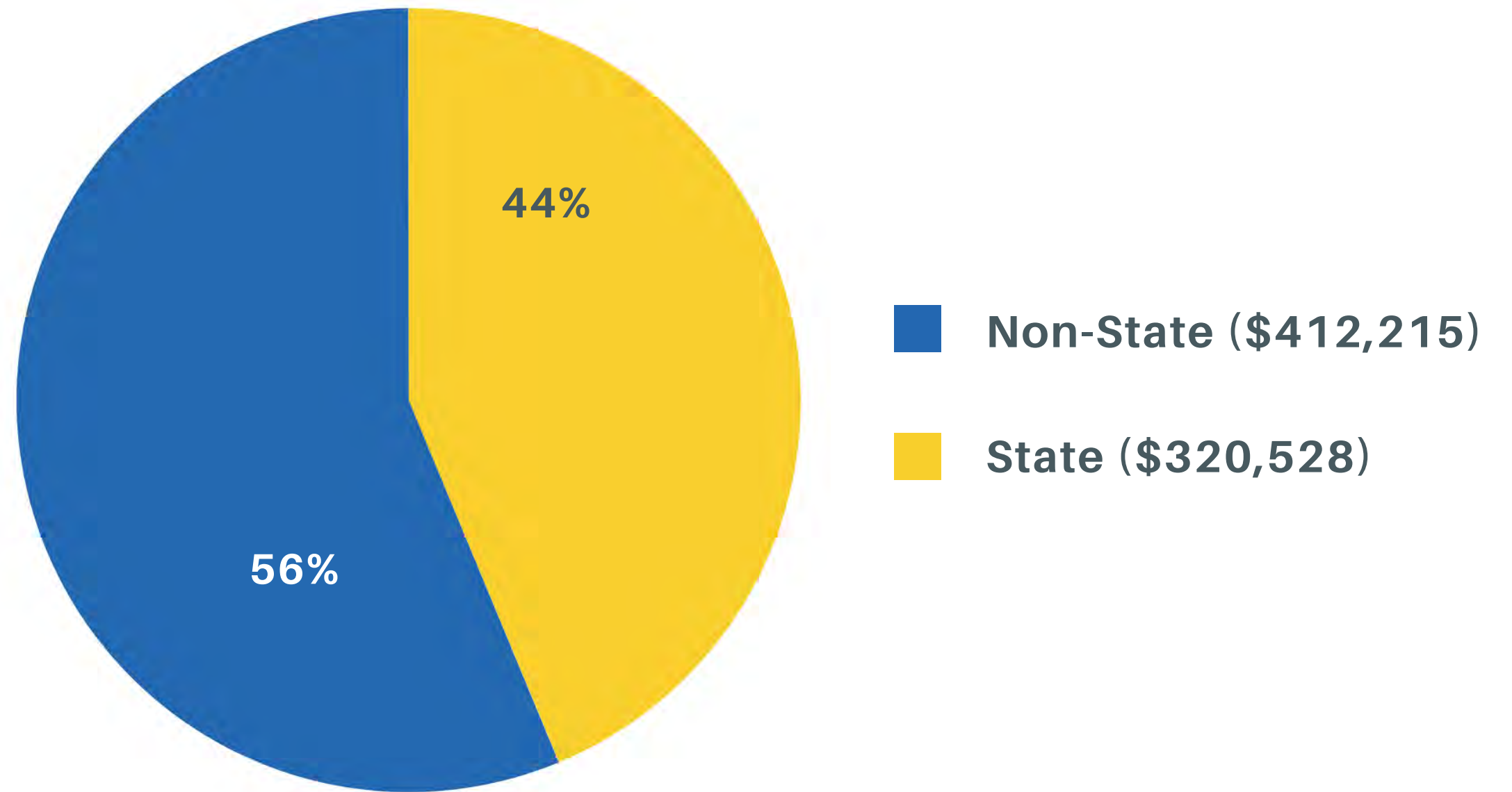


# FY 2022 RCUH Revenue

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*(from Direct Projects)*

**FY 2022 Fees Collected from Direct Projects:**  
**\$732,743**





# Summary of State Audits

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# 1993

## State Audit

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### *Report 93-10*

» Click to View

### *Recommendations*

» Click to View

### *Follow-Up Report 95-9*

» Click to View

## *Summary of Findings*

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1. RCUH operates as an independent entity with little accountability and oversight by either the university or its board.
2. Federal funds have been jeopardized and significant deficiencies found in RCUH's financial management because the university and RCUH have not defined clearly their respective responsibilities.
3. The RCUH's financial reports are misleading and do not adhere to generally accepted accounting principles for treatment of assets.
4. RCUH lacks clear policies, criteria, and management controls for contracting with state agencies. It has allowed abuses to occur.
5. Executive departments use contracts with RCUH to evade state requirements.
6. RCUH charges an arbitrary fee for its services to state agencies.

# 2015 State Audit

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## *Report 15-07*

» Click to View

## *Recommendations*

» Click to View

## *Follow-Up Report 18-10*

» Click to View

## *Summary of Findings*

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1. Complacency and weak planning by the RCUH Board of Directors and executive director have resulted in a reactive approach to supporting research and training that focuses support services on University of Hawai'i activities. In addition, plans do not address RCUH's mandate to initiate, stimulate, conduct, and coordinate research and training generally in Hawai'i.
2. RCUH project oversight deficiencies jeopardize the integrity of the corporation's services.

**NOTE: Among the 23 agencies for which follow-up reviews were conducted, RCUH was 1 of 3 agencies to implement all of its recommendations.**





# STRATEGIC PLAN

**2022-2026**  
**Strategic Plan**

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# 2022-2026 Strategic Plan

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## Goals

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1. Evaluate and implement recommendations from the RCUH Task Force.
2. Clarify RCUH's identity with UH and the State.
3. Reform RCUH's Internal Operations.
4. Increase engagement and outreach to clients.

# 2022-2026 Strategic Plan

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## Goal #1:

Evaluate and implement recommendations from the RCUH Task Force.

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- RCUH and UH leadership met in March 2022 and determined that no changes were necessary to the Internal Agreement.
- RCUH discussed its working capital reserve at the December 2022 Board of Directors meeting; a formal policy will be proposed at the March 2023 meeting.
- RCUH is working with UH to assist in the transition of Revolving Accounts to the Kualu Financial System.
- RCUH continues to collaborate with UH VPIT/CIO Garret Yoshimi on its MFA initiative and the replacement of its AS400 accounting system.

# 2022-2026 Strategic Plan

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## Goal #2:

Clarify RCUH's identity with UH and the State.

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- "Introduction to RCUH" presentation developed and published on RCUH's website for a comprehensive look at RCUH's operations.
- RCUH met with State administrators, City & County administrators, and non-profits to discuss RCUH's services.
- The corporation accepted nine new Direct Projects in 2022, however one proposal was declined as the desired services were not consistent with RCUH's aligned mission.



# 2022-2026 Strategic Plan

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## Goal #3:

### Reform RCUH's Internal Operations.

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- Developed Job Description Library to provide centralized storage for all established JDs unique to each project.
- Implemented automated email notifications from the HR Portal for Notice of Position Selections, Notice of Closed Recruitments, and Termination procedures.
- Developed eUpload feature in HR Portal/Employee Self-Service to provide users with a secure method to upload sensitive documents to RCUH Human Resources.
- Increased retention of core staff.
- Onboarded IT System/Security Administrator, HR Director.

# 2022-2026 Strategic Plan

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## Goal #4:

Increase engagement and outreach to clients.

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- RCUH held a virtual forum in May 2022 titled "Pathways to Research Success: Lessons Learned," which featured three experienced and successful UH Principal Investigators imparting their knowledge to newer researchers.
- RCUH has increased its collaboration with UH offices and departments in an effort to communicate a consistent message to UH researchers (e.g., Office of Data Governance, Office of Human Resources, Office of Strategic Development and Partnerships).





# What's to Come in 2023

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# Priorities in 2023

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- Establish a single physical location for core staff
- Replace the AS400 and transition to an enterprise platform for RCUH's various systems
- Determine appropriate working capital reserve policy
- Evaluate RCUH policies and streamline internal procedures
- Perform operational audit/SWOT analysis
- Coordinate professional development opportunities for project & core staff
- Schedule more face-to-face interactions with PIs & researchers

# Final Thoughts

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## *The Value of Research Funding*

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In May 2021, the Economic Research Organization at the University of Hawai'i released a report, which found that each research-related dollar generated \$1.83 of total business sales, \$0.59 of employee earnings, and \$0.10 of state tax revenue; and each million dollars of spending generated 13.5 local jobs.

## *Remembering the Mission: Supporting Research, Development, and Training in Hawai'i*

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After supporting researchers in Hawai'i for more than 50 years, RCUH is taking a closer look on how to reduce the administrative burden on researchers so that they can focus more time on their research. Using feedback from our clients, RCUH is committed to increasing administrative efficiencies, while following proper compliance with the State and federal government, as well as UH policies.



# Contact Us

For questions or more info:

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