

RCUH

Research Corporation
of the University of Hawai'i

Introduction to RCUH

February 2024

Presentation Outline

- About RCUH
- Overview of RCUH Financials
- Summary of State Audits
- 2022–2026 Strategic Plan
- What's to Come in 2024





About RCUH



About RCUH

A Brief Background

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



Ken Hayashida

*Chair, Governor's Business
Sector Appointee*



Kelli Goodin

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



William Haning III

*UH Board of Regents
Appointee*



David Karl

*Governor's UH System Research
Faculty Member Appointee*



Jaret KC Leong

House Speaker's Appointee



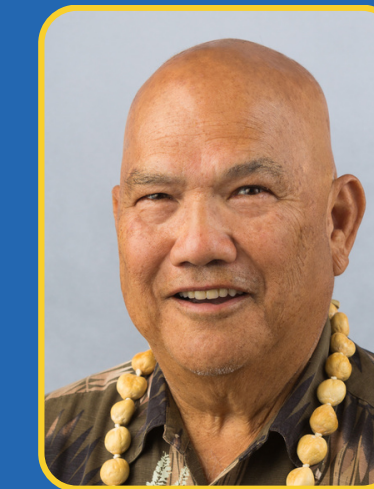
Taryn Salmon

*Senate President's
Appointee*



Vassilis Syrmos

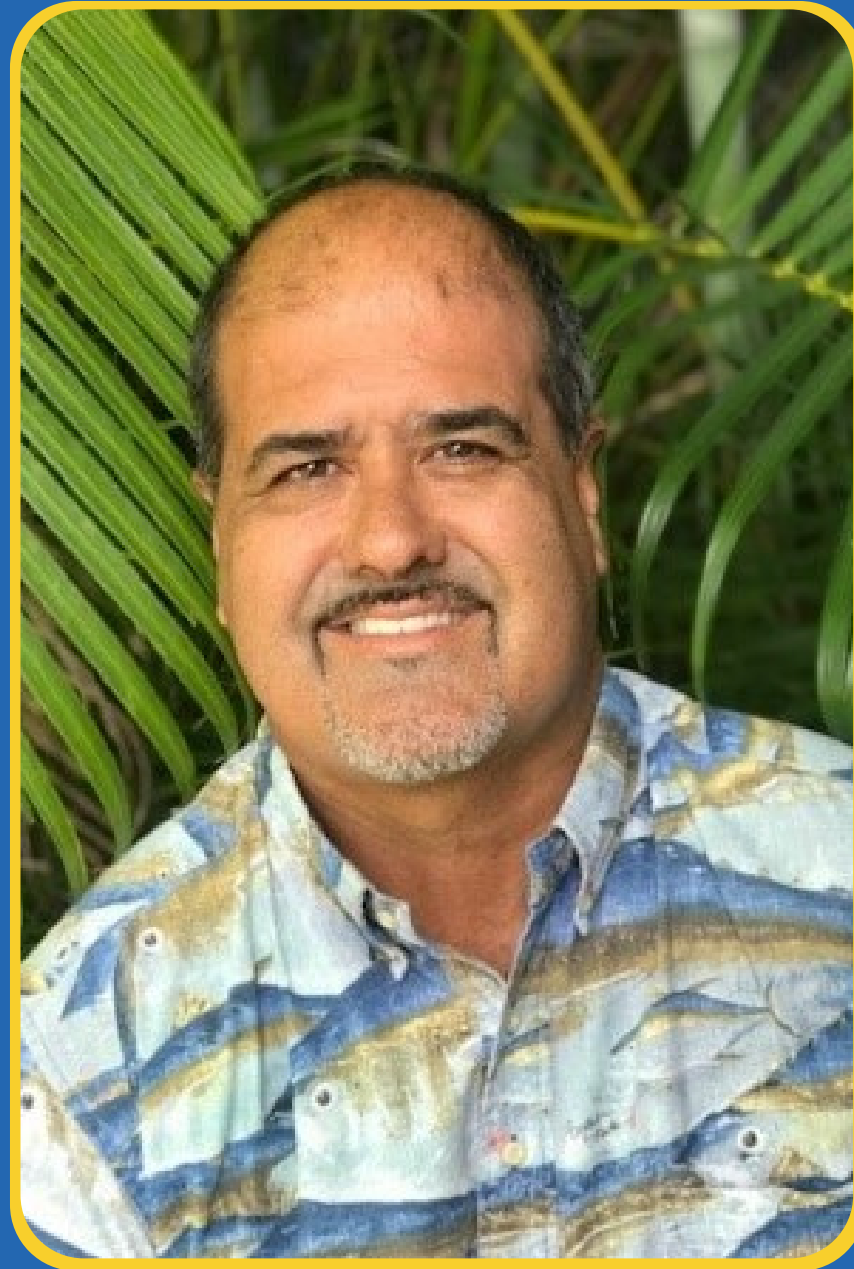
*UH Vice President for Research and
Innovation (ex-officio, non-voting)*



Ernest Wilson

*UH Board of Regents
Appointee*

RCUH Leadership



Leonard R. Gouveia, Jr.

RCUH Executive Director

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

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



Human Resources

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



Corporate Services

- 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 2023 statistics](#)



Overview of RCUH Employees

RCUH employees are state, non-civil service employees

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

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

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

Guidelines for Hiring RCUH Employees

(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



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 2.2% of its FY 2023 Extramural expenditures to use RCUH's Fiscal and HR services.



RCUH REVENUE SOURCES

UH EXTRAMURAL PROJECTS

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

UH INTRAMURAL PROJECTS

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

UH REVOLVING PROJECTS

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

DIRECT PROJECTS

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

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)

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)

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)

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

Internal Agreement

UH/RCUH Internal Agreement

» Click to View

About the Internal Agreement

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 2023 VOLUME OF BUSINESS

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

EXTRAMURAL EXPENDITURES

\$266,558,062

or

80%

of RCUH's volume
of business

REVOLVING EXPENDITURES

\$37,593,990

or

11%

of RCUH's volume
of business

INTRAMURAL EXPENDITURES

\$16,094,345

or

5%

of RCUH's volume
of business

DIRECT EXPENDITURES

\$13,652,405

or

4%

of RCUH's volume
of business

TOTAL FY 2023 EXPENDITURES: \$333,898,802

FY 2023 RCUH REVENUE

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

EXTRAMURAL FEES

\$5,969,541

or

2.2%

of UH's Extramural
Expenditures

REVOLVING FEES

\$949,243

or

2.5%

of UH's Revolving
Expenditures

INTRAMURAL FEES

\$419,655

or

2.6%

of UH's Intramural
Expenditures

TOTAL FEES PAID BY UH

\$7,338,439

or

2.3%

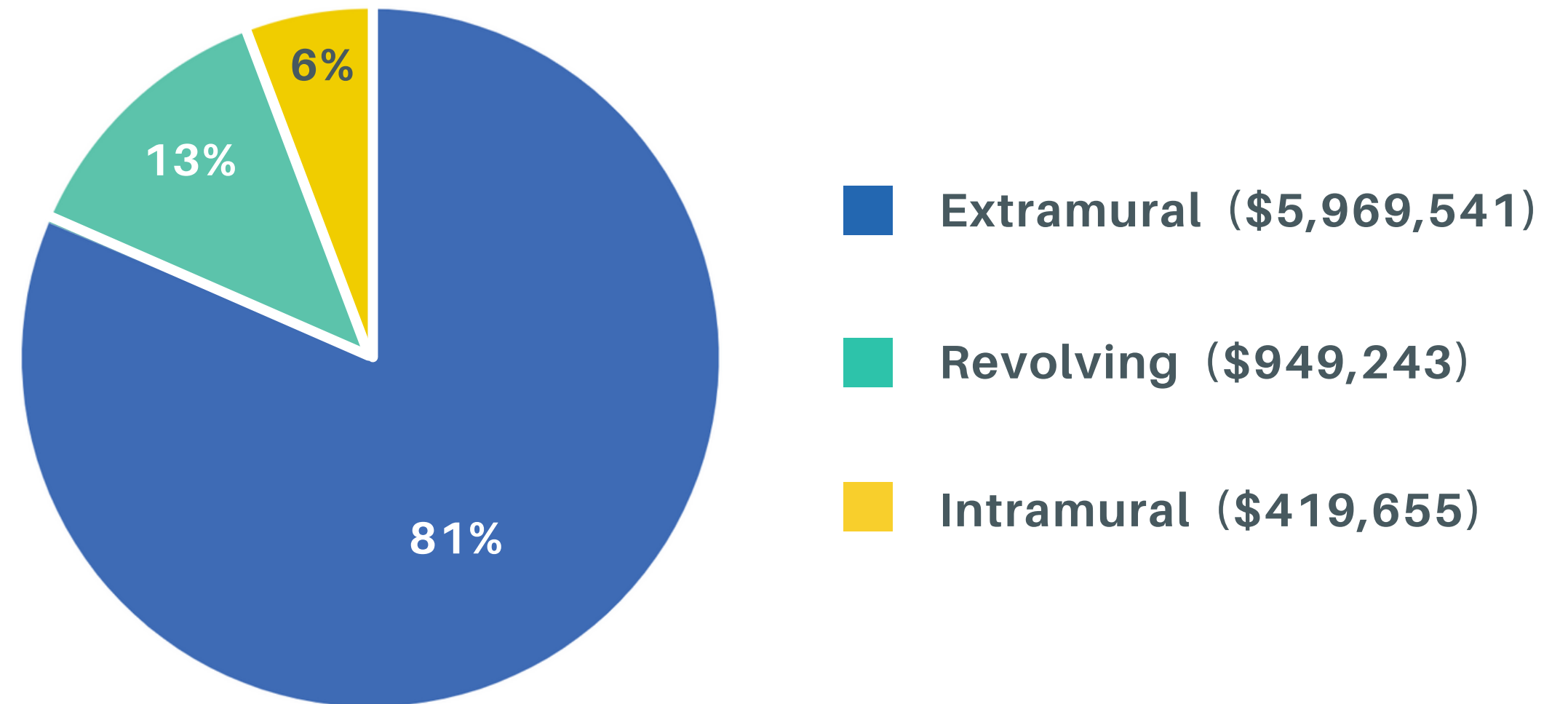
of UH's Expenditures
processed by RCUH

FY 2023 RCUH Revenue

(from UH Projects)

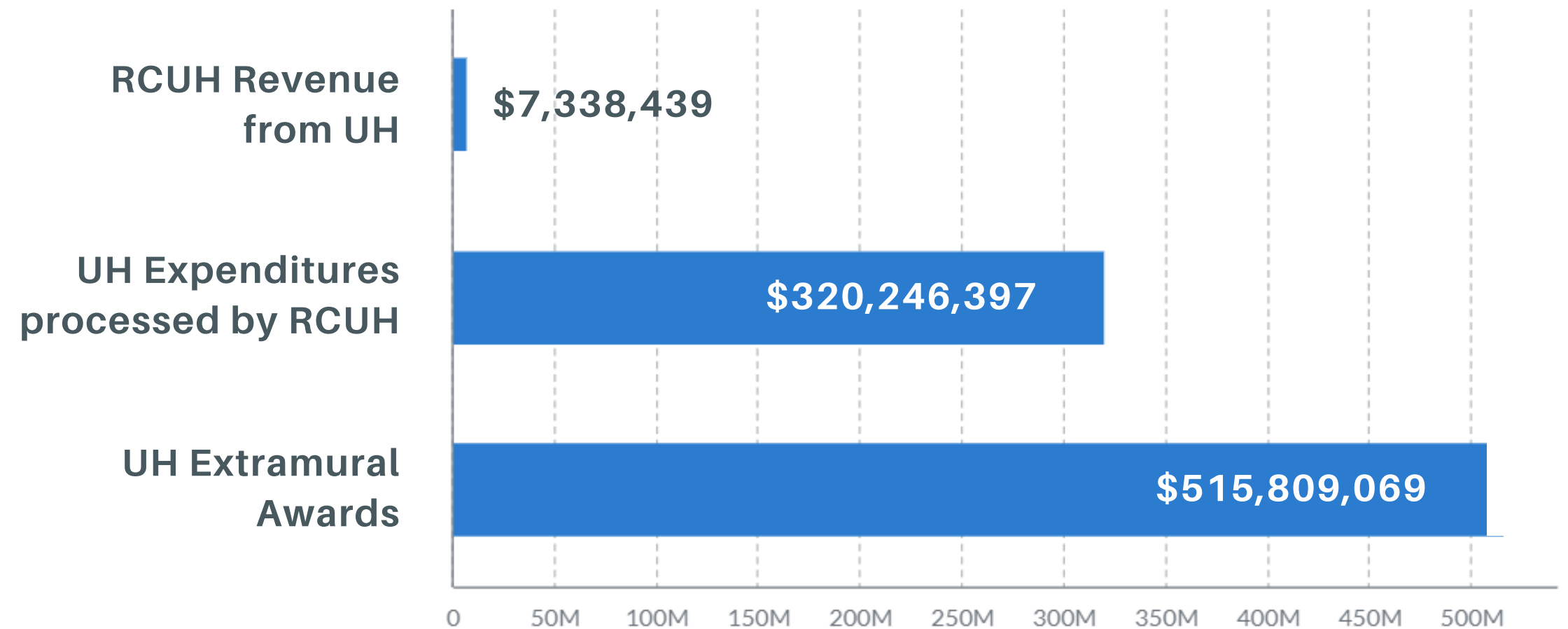
FY 2023 Fees Collected from UH:

\$7,338,439



UH Awards, Expenditures, and RCUH Revenue

FY 2023 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

State of Hawai'i/RCUH Master Agreement

» Click to View

Flow Chart for Accepting Direct Projects (State)

» Click to View

About the Master Agreement

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

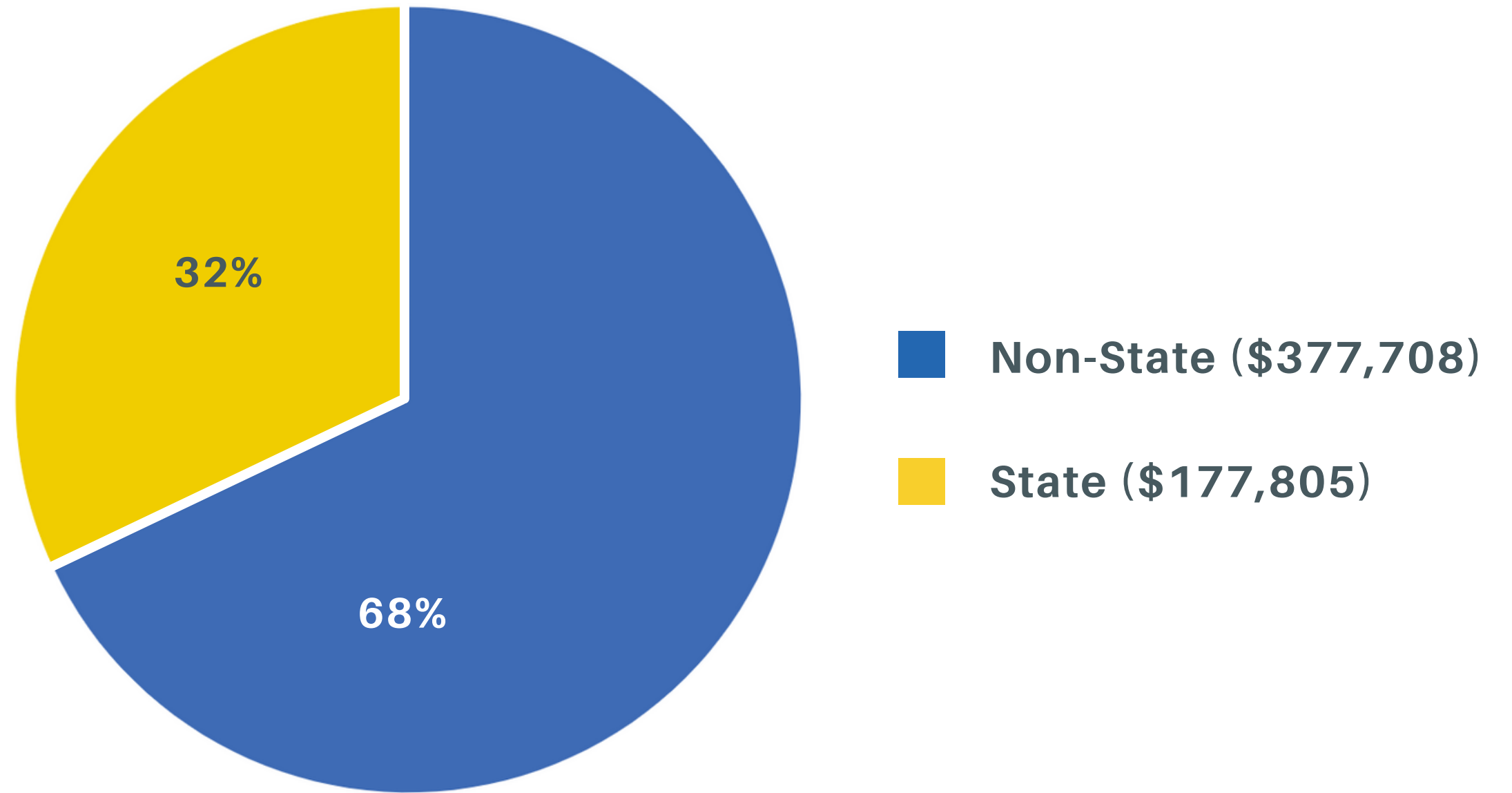
Project Type	Cost Base	Cost Rate
Direct Projects (State & Private)	MTDC	3.1% - 5.0%

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 2023 RCUH Revenue

(from Direct Projects)

FY 2023 Fees Collected from Direct Projects:
\$555,513





Summary of State Audits

1993

State Audit

Report 93-10

» [Click to View](#)

Recommendations

» [Click to View](#)

Follow-Up Report 95-9

» [Click to View](#)

Summary of Findings

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

Report 15-07

» Click to View

Recommendations

» Click to View

Follow-Up Report 18-10

» Click to View

Summary of Findings

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

2022-2026 Strategic Plan

» Click to View

Goals

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

2023 Achievements

Goal #1:

Evaluate and implement recommendations from the RCUH Task Force.

- In March 2023, the RCUH Board of Directors approved a policy that guides RCUH's working capital reserves. See Policy 4.900 for further details.
- RCUH worked with UH Information Technology Services to enter into a \$3 million contract to replace its AS400 system and transition its systems to an enterprise and development platform.
- RCUH worked closely with the UH Office of Research Services to transfer all Revolving Accounts back to the University. Although a few projects received an exemption to transfer in 2024, the majority of accounts (totaling approximately \$10.5 million moved back to UH's accounts effective July 6, 2023).

2022-2026 Strategic Plan

2023 Achievements

Goal #2:

Clarify RCUH's identity with UH and the State.

- ED Gouveia presented at the UH Board of Regents' Research & Innovation Committee meeting on Feb. 2, 2023. He provided a condensed version of this presentation to provide a clearer understanding of RCUH's role and services.
- The RCUH Leadership Team presented at the Leading with Excellence Conference on August 9, 2023. It was attended by 30 current and newly appointed academic leaders at UH Mānoa. The presentation explained the complex relationship between UH and RCUH and provided an overview of RCUH's services and priorities moving forward.

2022-2026 Strategic Plan

2023 Achievements

Goal #3:

Reform RCUH's Internal Operations.

- RCUH moved all staff into a single physical location at East-West Center's Burns Hall in February 2023. This move was estimated to save RCUH approx. \$155,000 per year.
- RCUH's IT Systems/Security Administrator made significant security enhancements and implemented new IT policies and cybersecurity training.
- The HR Department updated its Employee/Independent Contractor policy and procedures to reduce administrative delays.
- The HR Department began to include electronic W-2 consent with hiring documents to reduce the number of printed W-2s that must be prepped and mailed manually.

2022-2026 Strategic Plan

2023 Achievements

Goal #4:

Increase engagement and outreach to clients.

- HR staff have spent considerable time offering live and virtual presentations on Open Enrollment, the new EIC process, workplace safety, and the impact of the new pay transparency law.
- RCUH partnered with the UH Mānoa Office of the Vice Provost for Research and Scholarship to host a hybrid 2-hour forum, “Unleashing the Potential: AI’s Impact on Academic Research.”
- RCUH partnered with the Hawaii Employers Council to offer a three-part professional development series for RCUH supervisors. More than 100 individuals attended the first session titled “Supervision 101.”



What's to Come in 2024

Priorities in 2024

- Replace the AS400 system
- Evaluate RCUH policies and streamline internal procedures
- Revisit the RCUH/State of Hawai'i Master Agreement and determine if an update or clarification is necessary
- Evaluate and possibly revise RCUH's mission, vision statement
- Develop procedures for annual cleanup of directories in Finance and Training Portals
- Overhaul and upgrade Electronic Hiring System, Open Enrollment, and PeopleSoft

Final Thoughts

The Value of Research Funding

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

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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