

Board of Directors Meeting

Thursday, June 27, 2024
East-West Center | Burns Hall
9:00 a.m.



Meeting

BOARD OF DIRECTORS

Research Corporation of the University of Hawai'i

Date: Thursday, June 27, 2024 | Time: 9:00 a.m.

Public Meeting Location: East-West Center Burns Hall 4th Floor, Makai Wing, Room 4005/4009

1601 East-West Road, Honolulu, HI 96848

Virtual Link: <https://hawaii.zoom.us/j/91783332907?pwd=TE52d3hBSjlieXAvZm9tU2poS0FYQT09>

Webinar ID: 917 8333 2907 | Password: 911406 | Dial-in: 1-253-215-8782

AGENDA

Public Testimony on Agenda Items

Written testimony may be submitted via email to rcuhed@rcuh.com; U.S. mail to 1601 East-West Road, Burns Hall 4th Floor, Makai Wing, Honolulu, HI 96848; or facsimile to (808) 956-0502. All written testimony submitted are public documents and will be posted on the board's website and distributed to the board. Oral testimony will be limited to three (3) minutes per testifier.

1. Call to Order
2. Welcome New Board Member
3. Approval of Minutes of the March 13, 2024 meeting
4. Discussion and Potential Election of Interim Chair
5. Financial Statements for May 2024
6. Budget Approval for Fiscal Year 2025 (July 1, 2024 – June 30, 2025)
7. Selection of Personnel Committee for Evaluation of Executive Director
8. Executive Director's Report
 - a. Legislative Update
 - b. Strategic Plan Update
9. Mahalo to Outgoing Board Chair
10. Adjournment

Reasonable accommodations for people with disabilities are available upon request. Requests for accommodations should be submitted via email to rcuhed@rcuh.com or by calling Kaylee Hull at (808) 956-0503. Requests should include a detailed description of the accommodation needed. In addition, please include a way for RCUH to contact the requester if more information is needed to fulfill the request. Last minute requests will be accepted, but may be impossible to fill.

If the videoconference connection is lost during the meeting, please go to the RCUH website (www.rcuh.com) for more information, including reconnection information.

c: Office of the Lieutenant Governor



DRAFT Minutes

BOARD OF DIRECTORS

Research Corporation of the University of Hawai'i

Wednesday, March 13, 2024

In-Person Location: East-West Center, Burns Hall 4th Floor, 4005/4009
1601 East-West Road, Honolulu, HI 96848

PRESENT: Kelli Goodin, William Haning, Ken Hayashida, David Karl, Jaret KC Leong, Taryn Salmon, Vassilis Syrmos, Ernest Wilson

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

CALL TO ORDER

The meeting was called to order by Chair Hayashida at 9:38 a.m. Ms. Hull indicated that no written or oral testimony was received.

APPROVAL OF MINUTES OF THE DECEMBER 5, 2023 MEETING

Upon motion made (Karl), seconded (Wilson), and duly carried, the minutes of the December 5, 2023 meeting were approved as circulated.

FINANCIAL STATEMENTS FOR JANUARY 2024

Mr. Yee reviewed the balance sheet for January 2024, which reflected \$29.1 million in assets, \$17.1 million in liabilities, and \$12 million in retained earnings. The balance sheet indicated a sizeable drop in total assets due to the transition of Revolving accounts back to the University. As the transition is finalized, RCUH's cash balances will decrease; a corresponding decrease will be reflected in liabilities (advances). Mr. Yee pointed out that the working capital and project contingent liability reserve under "Retained Earnings" totals \$8.6 million, which falls within the threshold of RCUH's policy.

Mr. Yee shared the Statement of Revenues, Expenses, and Changes in Net Assets and stated that "YTD" represents seven months of activity based on RCUH's fiscal calendar. The percentage of budget is an indication of where RCUH's expenditures should be (58.3%). Mr. Yee highlighted that RCUH's total operating revenues is slightly higher than the expected percentage due to elevated interest rates.

In terms of total expenditures, RCUH was slightly under budget at 54.8%. When reviewing the individual line items, Mr. Yee noted that the "Other" budget category is overspent at 110%, due to external recruitment fees. RCUH Finance recruited four new hires within the past year and was most successful with using these hiring services.

Director Karl asked where the excess interest income goes and Mr. Yee responded that those funds go into RCUH's working capital reserve. He added that RCUH returned a lot of its cash to UH with the Revolving accounts, so the reserve gives RCUH a cushion for expenditures. Director Wilson asked whether the recruitment fees are on-going or a one-time charge and Mr. Yee stated that those were one-time fees. He shared that the Finance department is well-staffed now and has just one lower-level position open at this time.

Mr. Yee reported that RCUH's Volume of Business through seven months of the fiscal year is approximately \$205 million compared to \$187 million at the same period last year; this is a 9% increase in activity. He also showed that UH's Extramural Awards are also increasing compared to the previous fiscal year. Director Karl asked why the volume of business for Revolving accounts is higher this fiscal year compared to last fiscal year and Mr. Yee explained that Revolving accounts can still be service ordered back to RCUH to procure goods and services or hire personnel. Once all of the Revolving accounts have been transitioned to the University, those expenditures will be re-classified as Intramural expenditures.

Director Wilson inquired whether there is a trend that the number of federal projects are decreasing. Mr. Yee responded that historically RCUH has not had many Direct Projects, referring to projects with the State of Hawai'i that are using federal funds. Director Syrmos shared that RCUH should see a robust increase in expenditures since he estimates that Extramural awards will reach \$550-\$600 million this fiscal year. Chair Hayashida asked how that will impact staffing and ED Gouveia stated that RCUH is fully staffed now, with the exception of one to two positions. He added that although RCUH is fully staffed, it is still lean and has had to seek support from external recruiters to fill open positions. This includes the Director of Finance position, in which he is seeking an individual with both finance and procurement experience.

Director Salmon asked whether RCUH is staffed appropriately with the projected increase in volume of business and ED Gouveia affirmed that is correct, combined with the revisions to RCUH's policies and procedures that are making internal operations more efficient. Ms. Higa added that the Human Resources Department has implemented many system updates to streamline operations, but will continue to re-assess the need for personnel. Chair Hayashida asked Director Syrmos how far he could project Extramural Awards and Director Syrmos shared that he believes the University could reach up to \$700 million in three years.

REPORT OF AUDIT COMMITTEE

Chair Hayashida reported that the Audit Committee met at 9:00 this morning to approve the fee proposal from N&K CPAs for the Fiscal Year 2024 Audit. Mr. Yee negotiated with the auditors for a 5.1% increase for the upcoming audit, totaling \$52,000. Chair Hayashida added that RCUH reported no significant findings and that this is the fifth year of the contract with N&K CPAs. RCUH will go out for an RFP next year. He also stated that with the 5.1% fee increase, it will amount to an average of a 3.7% increase over the five-year period. Chair Hayashida felt that this was a reasonable fee under the circumstances. Upon motion made (Wilson), seconded (Haning), and duly carried, the Audit Committee's acceptance of the FY 2024 Audit Fee Proposal was ratified by the Board.

EXECUTIVE DIRECTOR'S REPORT

LEGISLATIVE UPDATE

ED Gouveia reported that the requests for information from the Legislature was generally less this year for RCUH, however, the requests RCUH did receive took a significant amount of time for many core staff, and one request had a 24-hour deadline. He acknowledged that the University had much more information to provide compared to RCUH. ED Gouveia went on to provide an update on SB3208 and SB1511, which were drafted to clarify RCUH's purpose. He shared that RCUH opposed both bills and does not feel the changes are necessary as RCUH has been working with Director Syrmos and the University to address concerns from the Legislature. He stated that as the bill is currently written, RCUH would have difficulties complying with the statute, particularly when it comes

to approval from the Governor's Office, the Hawaii Government Employees Association (HGEA), and others—this would cause significant delays for research projects.

ED Gouveia explained that Director Syrmos is currently working on updating the UH Administrative Policy to address the issues raised by certain legislators, however, they must consult with the HGEA to receive their input. He believes that changing the statute while these items are in motion may cause more harm than good. ED Gouveia concluded that while there is a lot of language in the bill subject to interpretation, RCUH will figure out a path forward. Chair Hayashida suggested it would be best if the Legislature deferred the bill for a year to allow UH and RCUH to report on what has been completed and ED Gouveia concurred that it would give both parties the time to resolve some of the major issues, noting that these were being addressed before the Legislature pointed them out.

Chair Hayashida asked whether the Board should sign a letter to suggest a one-year deferral and ED Gouveia deferred to Director Syrmos for his take from a UH perspective. Director Syrmos noted that nearly all of the issues the bill intends to address has been resolved, with the exception of clarification on UH/RCUH employees. He explained that someone from UH's Office of Research Services is working with the UH Office of Human Resources to revise the administrative policies that target employment and does not believe we need to do anything at this time. He added that if the bill is scheduled for a hearing the Board could take a position, but feels that Lenny has been representing the Board well. ED Gouveia acknowledged that a letter couldn't hurt, and agreed to prepare something, however RCUH should be following UH's lead on how they plan to address this issue as it was recently being addressed by the UH BoR; and both organizations should definitely be on the same page. Director Haning suggested that it would be easier for the UH Regents to align with RCUH if a letter is prepared.

HAWAII BROADBAND P3 AGREEMENT UPDATE

ED Gouveia reported that the contract between RCUH and Ocean Networks, Inc. (ONI) has been executed after spending a significant time on this matter. Since ONI was concerned about the permitting process, the agreement was constructed so that RCUH was able to put up less money up front. Additional agreements will need to be executed for the Public-Private Partnership (P3) and financing; those agreements may or may not involve RCUH. ED Gouveia mentioned that there was a legislative inquiry on the appropriateness of RCUH's involvement in this project and he is aware that a memo was issued from the Attorney General's Office. Deputy AG Nakamura shared that the inquiry came from Senator Donna Mercado Kim and explained that the memo was not a formal opinion, but he advised the AG's Office on the background of the contract and cited the statutory provision that allowed RCUH to be involved. ED Gouveia stated that he has been prepared for this and feels confident in defending RCUH's involvement. He commented that this was one of the first agreements that came across his desk that was this complicated, but that is also why it was fully vetted for the protection of the State, UH, and RCUH. He added that he did his own research on P3s and feels confident that RCUH did the right thing despite the risks involved.

Director Karl questioned what types of permits were required besides the shoreline. ED Gouveia responded that land permits would be required on all islands. Director Karl also inquired about environmental surveys, but ED Gouveia stated that he was not clear, but believes the conduits are already existing to perform the work. Director Karl wondered if the \$1 million that was executed as the first payment of the ONI contract was enough to execute the permitting process. ED Gouveia claimed that ONI wanted a lot more than \$1 million up front to start the process, but VPIT Garret Yoshimi claimed it was enough for ONI to start moving forward.

STRATEGIC PLAN 2024 UPDATE

- Replacement of the AS400: RCUH Finance started a new phase in January and is working to complete the conversion as quickly as possible. Mr. Yee said that he is working closely with DataHouse to narrow the focus as the original plans included more than 20 3-hour workshops. He claimed that RCUH is on target to hit the December deadline and that DataHouse and VPIT Yoshimi have been assisting RCUH in keeping on track. He also stated that RCUH's Controller is the key staff member who will provide feedback since many functions run through her. ED Gouveia thanked UH's IT personnel for participating in this process, as well as Fiscal Administrators (FAs), since they are most familiar with UH's needs.
- Lumisight Enterprise project: RCUH has begun User Acceptance Testing (UAT), which uncovered a high number of errors. RCUH staff are working with DataHouse to address these issues. Mr. Yee explained that this enterprise platform will feed into the AS400's replacement and users will transact into that system. Director Salmon inquired about the current development phase and Mr. Yee answered that the SAP implementation is still in the development stage and testing will likely begin in June through October. ED Gouveia shared that it's been difficult on staff to balance two projects at the same time.
- Director of Finance Recruitment: With Mr. Yee's impending retirement at the end of this year, ED Gouveia decided to start the recruitment process early. Currently, he is looking for the ideal candidate with procurement and finance expertise. RCUH may acquire the services of an external recruitment agency if the opening does not attract qualified applicants.
- RCUH Core Staff Retreat: ED Gouveia shared that the Core Staff retreat was an excellent event and that employees were fully engaged. He anticipates this will be done every 1-2 years.
- Line of Credit: RCUH spent a significant amount of time evaluating the line of credit, which was used once or twice in the past when RCUH needed funding. This was discussed with the Attorney General's Office and RCUH elected to terminate the line of credit as there are other alternatives for cash flow shortfalls that can be considered. If RCUH were to have a shortfall for UH projects, ED Gouveia would reach out to Director Syrmos' office for a resolution. If the shortfall impacted a Direct project, RCUH has the ability to reach out to the State to request a loan. Director Karl asked how much the current line of credit costs and ED Gouveia explained that there is no cost right now, but the banking institution is now requesting 1%, which equates to \$50,000. Mr. Yee shared that he understands why this line of credit had to exist in the past since the cash flow wasn't reimbursed as quick as it is now (on a weekly basis). He added that if RCUH needed to make a large payment (e.g., \$5 million), it would be difficult and RCUH would have to approach the University.

ED Gouveia reported that he continues to meet with individuals to explain RCUH's mission and functions and that RCUH continues to make changes to its internal operations. He plans to present the "Introduction to RCUH" presentation to the core staff so that employees have a better grasp on the bigger picture of RCUH. ED Gouveia noted that staff continue to work on updating policies and procedures, however finding the time in everyone's busy schedule is difficult; the revised target date for this benchmark has been moved to the end of 2024. Director Syrmos added that it's more complicated to update policies on the UH side since there are three sets of policies (i.e., Regents, Executive, Administrative) and that UH tries to be consistent in the connected policies with RCUH. UH policies also need to go through consultation with all of the unions. ED Gouveia concurred that both

parties have done a good job overall, but updating policies and procedures could be a full-time job for a committee.

Lastly, in regards to the strategic plan, ED Gouveia highlighted the annual forum on community engagement in research and shared that RCUH reported 28 current Direct projects, with two new projects from the HI Local2030 Hub.

MISCELLANEOUS: POTENTIAL PROJECT WITH KAPI'OLANI COMMUNITY COLLEGE

ED Gouveia shared a recent inquiry he received from Michael Unebasami, the Associate VP for administrative affairs for the UH Community College System, regarding the Culinary Institute of the Pacific (CIP) at Kapi'olani Community College. Chef Roy Yamaguchi was recently hired to lead the CIP and with construction close to completion, ED Gouveia met with Mr. Unebasami and Chef Yamaguchi to determine whether RCUH would be capable of assisting their program to any extent. ED Gouveia noted that they discussed the CIP's relationship to research, training, and development, as well as the program's needs. He informed them that if the latest legislative bill passes, it will be unlikely that RCUH could assist. Based on the existing statute, ED Gouveia could see how RCUH could potentially support parts of the program, however it would still require buy-in from the UH President, the UH VP for Research and Innovation, as well as the Legislature. He already foresees some issues on the University side, and Director Syrmos suggested that ED Gouveia discuss the project with Kalbert Young, UH's VP for Budget and Finance. ED Gouveia acknowledged that due to some of the complex issues tied to this project, he doesn't envision that RCUH would be able to support the CIP, however he wanted to share this discussion with the RCUH Board for their awareness. Director Haning expressed surprise that there wasn't an effort made to collaborate with the UH Mānoa Shidler College of Business. Director Syrmos stated that these are the projects that put UH's research enterprise at risk and even though it is tangentially related to research and training, it shouldn't jeopardize the nearly \$600 million in extramural funds that is coming into the University. Director Wilson noted that he has experience running and operating the former Cannon Club military facility and it seems far-fetched that RCUH would be involved in the CIP. ED Gouveia concurred and shared that he made it clear at the initial meeting that if RCUH were to be considered to assist with this, it would need the blessing of major stakeholders as mentioned above.

Chair Hayashida called for a break at 10:48 a.m. The meeting resumed at 11:00 a.m.

Upon return from the break, ED Gouveia reminded the Board that the Strategic Plan is a living document and can be revised. He informed the group that the latest version reflects input from RCUH's managers and staff and that RCUH will post it on its website in a few weeks. He asked the directors to review the document and to forward any questions or comments.

PROPOSED SALARY ADJUSTMENT GUIDELINES EFFECTIVE JULY 1, 2024

Ms. Higa presented the proposed compensation guidelines effective July 1, 2024 or October 1, 2024 for projects on the federal fiscal year. She reminded the Board that previously RCUH presented multi-year guidelines aligned with UH's collective bargaining agreement, however the Board preferred that RCUH provide annual proposals. Ms. Higa explained that the range of percentages allows PI the flexibility to make adjustments based on funding and employee performance. Projects can also opt to distribute a one-time pay award, or provide a pay adjustment to their base salary. Chair Hayashida asked Ms. Higa to explain the merit awards and Ms. Higa responded that RCUH Core Staff tries to align with UH, so RCUH will only process merit awards if UH proceeds with special compensation awards.

Director Karl stated that from a Principal Investigator perspective, new appointments at RCUH have to be cleared through the Office of the Vice President for Research and Innovation (OVPRI) through the Attachment B process. These new appointments are only one-year appointments and with a probationary period of 12 months, these individuals will never be eligible for any salary adjustments and probably won't even have an evaluation completed. He added that from the field's perspective, people are wondering what happens at the end of that one-year appointment; it's unclear whether there can be an appeal to extend or whether a new position has to be created. Director Syrmos responded that this is in alignment with UH's policy and the statute, however UH was not following the statute closely in the past. He stated that from his perspective, if the RCUH employee is funded by extramural awards, then the one-year can be automatically extended to the period of performance for the extramural award. However, if the position is funded by Research Training and Revolving Funds (RTRF) or Tuition or Special Funds, those are considered state funds and that is where the issue is.

Director Syrmos explained that exemptions have been made in the past without much scrutiny, and that PIs have used RCUH rather than UH's APT positions due to finances. He highlighted that UH's fringe rates are a lot higher than RCUH's (e.g., paying \$62 in fringe benefits at UH compared to paying \$40 in fringe benefits for an RCUH employee with the same position), which means that PIs could save a substantial amount of money with RCUH. Director Syrmos noted that the UH Office of Human Resources has revitalized their processes and that they are competitively fast with RCUH. He believes that ultimately PIs choose to use RCUH because of money.

Director Karl shared that he doesn't think Principal Investigators understand the subtle color of money and that they may not understand the complications of funding a position through RTRF. Director Syrmos said that he doesn't think it's bad practice if it's a short-term position or part of a salary, but not the majority of salary. He added that this practice has been abused in the past with employees starting on extramural funding and transitioning to being funded 100% by RTRF. Director Syrmos stated that this is where the nucleus of opposition to these RCUH employees is. Director Karl suggested that there are some exemptions on the memo that need clarification.

Director Wilson asked whether RCUH is in jeopardy in terms of lack of or lessening demand due to benefits and asked what type of impact these one-year appointments will have on UH's research efforts, as well as attracting Principal Investigators. Director Syrmos responded that PIs have the freedom to hire employees through RCUH or UH on extramural funding and doesn't believe that extramural funding is in jeopardy because of that. He noted that Hawai'i is a unionized state so the University needs to be careful as things need to be balanced. While there is a lot of need for RCUH's services, UH has to be mindful of collective bargaining. In Director Syrmos' opinion, he shared that he doesn't believe this jeopardizes RCUH and that moving forward this will be a good practice for everybody to follow to reduce the inquiries from the Legislature. Ms. Higa added that RCUH will keep an eye on its ability to recruit for these limited-term positions.

Director Karl discussed how this ties into the re-classification of faculty, as research positions are only a R2 at UH. He added that SOEST is moving postdocs into the R2 category instead of hiring through RCUH. These R2 term appointments are for a three-year maximum, which is perfect for a postdoc, but not necessarily a career track position. They also have the authority to write and receive grants as Principal Investigators.

Director Wilson emphasized that he does not want to take an action on something that would affect UH's capacity to execute the research. Director Syrmos concurred and shared that the University needs to be good stewards of both RCUH functions and the collective bargaining units. He also

agreed that R2 positions are to be used for research faculty and that he would never put postdocs in any other category and clarified that he would not use state funds for those positions.

[Director Haning left the meeting at 11:19 a.m.]

Chair Hayashida asked for confirmation that positions can't be advertised for longer than a year and Ms. Higa responded that if it's a limited term position, the individual would end their employment one-year from posting or from their hire date. She added that HR staff ensures this is advertised so that individuals aren't surprised. Director Leong noted that many APT positions are temporary, but are re-evaluated. He also inquired whether the maximum pay increase an individual could receive is 8% to their base and Ms. Higa confirmed that is the case if the individual were to receive a merit rating on their performance evaluation.

Upon motion made (Goodin), seconded (Karl), and duly carried, the proposed salary adjustment guidelines were unanimously approved.

DISCUSSION AND APPROVAL OF PROPOSED BYLAW REVISIONS

ED Gouveia explained that there weren't substantial changes to the bylaws, but Section 10 was amended to include language about hybrid meetings and Section 6 was amended to include language more consistent with UH's RP 8.201. The proposed language would clarify that extramural agreements are governed by the UH-RCUH Internal Agreement and not subject to board approval. The amendments also remove references to a RCUH Deputy Executive Director as that position does not exist. Deputy Attorney General Nakamura and board members discussed the usage of "shall" versus "may" in Section 6, but ultimately decided to keep the proposed language.

Upon motion made (Goodin), seconded (Salmon), and duly carried, the proposed bylaw revisions were unanimously approved.

ADJOURNMENT

Chair Hayashida and ED Gouveia thanked Vice Chair Goodin for her eight years of service. ED Gouveia also thanked the full Board as he understands this is a big commitment as unpaid volunteers. The meeting adjourned at 11:34 a.m. The next Board of Directors meeting is tentatively scheduled for June 5, 2024.

/s/

Kaylee Hull
Executive Administrator

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

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
BALANCE SHEETS
MAY 31, 2024 and 2023

ASSETS	2024	2023
CASH AND CASH EQUIVALENTS	\$ 11,156,556	\$ 22,871,479
RESTRICTED CASH (RETIREE MEDICAL AND LIFE INSURANCE)	1,700,000	1,700,000
TIME CERTIFICATES OF DEPOSIT	3,000,000	6,750,000
SHORT TERM INVESTMENT	4,064,314	3,960,872
RECEIVABLES UNIVERSITY OF HAWAII, NET	6,955,109	-
PREPAID EXPENSES	<u>277,158</u>	<u>260,863</u>
TOTAL CURRENT ASSE	<u>27,153,137</u>	<u>35,543,214</u>
FIXED ASSETS (Less accumulated depreciation of \$8,343,559 and \$8,124,182 for FY 2024 and FY 2023, respectively)	<u>3,973,087</u>	<u>2,656,187</u>
TOTAL ASSETS	<u>\$ 31,126,224</u>	<u>\$ 38,199,401</u>
LIABILITIES AND RETAINED EARNINGS		
LIABILITIES:		
ACCOUNTS PAYABLE	\$ 405,794	\$ 368,778
ACCRUED EXPENSES AND PAYROLL TAXES WITHHELD ADVANCES	3,101,453	2,976,433
UNIVERSITY OF HAWAII, NET	-	10,697,537
OTHER SPONSORING AGENCIES, NET	3,590,042	2,033,718
WORKER'S COMPENSATION RESERVE	2,596,492	2,722,923
UNEMPLOYMENT RESERVE	3,295,218	3,164,594
VACATION PAY OUT RESERVE	<u>915,827</u>	<u>681,887</u>
TOTAL CURRENT LIABILITY	<u>13,904,826</u>	<u>22,645,870</u>
LEASE LIABILITY	145,554	257,434
SUBSCRIPTION LIABILITY	140,844	-
ACCRUED SUPPLEMENTAL RETIREMENT BENEFITS	1,790,745	1,936,784
RETIREE MEDICAL AND LIFE INSURANCE BENEFITS	<u>2,532,500</u>	<u>2,553,150</u>
TOTAL LIABILITY	<u>18,514,469</u>	<u>27,393,238</u>
RETAINED EARNINGS:		
INVESTED IN CAPITAL ASSETS	3,973,087	2,656,187
DESIGNATED FOR:		
WORKING CAPITAL	7,526,470	7,068,714
PROJECT CONTINGENT LIABILITIES RESERVE	<u>1,112,198</u>	<u>1,081,262</u>
TOTAL RETAINED EARNIN	<u>12,611,755</u>	<u>10,806,163</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 31,126,224</u>	<u>\$ 38,199,401</u>

NOTES:

- 1) This balance sheet does not include accruals for liabilities related to project expenditures.
- 2) Outstanding purchase orders totaled \$134,207,951 and \$78,825,070 at May 31, 2024 and 2023, respectively.

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED MAY 31, 2024 and 2023

	FYE 6/30/24 BUDGET	YTD ACTUAL	% OF BUDGET	YTD LAST YEAR
REVENUES:				
UNIVERSITY OF HAWAII	\$ 7,678,480	\$ 6,642,498	86.5%	\$ 6,634,091
OTHER SPONSORING AGENCIES	540,000	523,569	97.0%	506,833
INTEREST AND OTHER INCOME	750,000	1,496,437	199.5%	1,024,421
TOTAL OPERATING REVENUES	8,968,480	8,662,504	96.6%	8,165,345
OPERATING EXPENSES:				
SALARIES & WAGES	3,831,864	3,091,159	80.7%	2,944,868
FRINGE BENEFITS	997,194	751,914	75.4%	751,064
INFO TECH SERVICES	500,000	641,865	128.4%	666,928
HUMAN RES./PAYROLL SYSTEM	707,401	575,750	81.4%	607,629
SUPPLIES	120,000	60,598	50.5%	52,897
TRAVEL	32,500	8,067	24.8%	12,107
CPA SERVICES	51,832	51,832	100.0%	49,005
UTILITIES	18,850	17,406	92.3%	21,140
RENTAL - SPACE/EQUIP/OTHER	142,200	125,288	88.1%	229,462
REPAIRS & MAINTENANCE	-	-	0.0%	-
BANK FEES	24,000	38,046	158.5%	32,723
TRANSPORTATION	500	-	0.0%	-
BOARD OF DIRECTORS MEETINGS	10,000	1,588	15.9%	1,983
INSURANCE	600,000	577,926	96.3%	536,154
PROFESSIONAL/TECHNICAL SUPPORT	242,500	124,005	51.1%	181,046
DISCRETIONARY FUND	10,000	5,031	50.3%	3,113
STAFF DEVELOPMENT	25,700	13,890	54.0%	11,529
TRAINING MATERIAL DEVELOPMENT	80,000	69,530	86.9%	48,078
TUITION SUPPORT	75,000	41,409	55.2%	38,528
OTHER	140,100	183,649	131.1%	111,294
DEPRECIATION EXPENSE	632,000	578,600	91.6%	609,400
CLAIMS & SETTLEMENTS	-	61,967	0.0%	22,500
PROJ OVERRUNS & DISALLOWANCE	-	-	0.0%	-
TOTAL OPERATING EXPENSES	8,241,641	7,019,520	85.2%	6,931,448
OPERATING INCOME (LOSS)	\$ 726,839	\$ 1,642,984		\$ 1,233,897
INVESTMENT IN CAPITAL ASSETS				
FIXED ASSETS	25,000	26,483		217,242
IT SYSTEM DEV - INFO TECH SERVICES	2,094,240	942,408		523,560
IT SYSTEM DEV - HR/PAYROLL SYSTEM	210,000	151,778		95,316
TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 2,329,240	\$ 1,120,669		\$ 836,118

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
RETAINED EARNINGS (NET ASSETS)
MAY 31, 2024

CHANGES IN RETAINED EARNINGS

	INVESTED IN CAPITAL ASSETS	WORKING CAPITAL	PROJ CONTING LIABILITIES	TOTAL OPER FUND BALANCE
BEGINNING BALANCE	\$ 3,431,018	\$ 6,425,555	\$ 1,112,198	\$ 10,968,771
OPERATING INCOME	(578,600)	2,221,584	-	1,642,984
INVESTMENT IN CAPITAL ASSETS	1,120,669	(1,120,669)	-	-
ENDING BALANCE	<u>\$ 3,973,087</u>	<u>\$ 7,526,470</u>	<u>\$ 1,112,198</u>	<u>\$ 12,611,755</u>

VOLUME OF BUSINESS

	FY 2024	FY 2023
UH PROJECTS		
EXTRAMURAL	\$ 248,056,677	\$ 241,656,122
INTRAMURAL (GRS)	21,703,825	13,353,596
REVOLVING & SSF	42,191,863	35,151,281
DIRECT PROJECTS		
FEDERAL	74,971	99,290
NON-FEDERAL	12,785,496	12,341,595
	<u>\$ 324,812,832</u>	<u>\$ 302,601,884</u>

UH EXTRAMURAL AWARDS

(obtained from UH Office of Research Services)

	FY 2024	FY 2023	VARIANCE	% VARIANCE
Fiscal Year to Date (Jul 01 to May 31)	\$ 577,727,795	\$ 467,460,243	110,267,552	23.6%
12 month period (Jun 01 to May 31)	626,076,621	512,532,362	113,544,259	22.2%
3 month period (Mar 01 to May 31)	136,204,303	107,783,032	28,421,271	26.4%

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED MAY 31, 2024 and 2023**

	CURRENT MONTH	FY 2024 YEAR-TO-DATE	FY 2023 YEAR-TO-DATE
BEGINNING CASH BALANCE	\$ 12,842,199	\$ 31,943,905	\$ 20,979,139
Receipts:			
UH Projects	28,778,404	266,425,819	254,027,077
Direct Projects	437,742	13,539,721	11,373,896
Revolving Funds and Other	891,990	7,080,796	17,673,906
UH Management Fee	-	4,654,361	4,069,345
	<u>30,108,136</u>	<u>291,700,697</u>	<u>287,144,224</u>
TCD Redemption	-	2,500,000	10,446,000
Total Receipts	<u>30,108,136</u>	<u>294,200,697</u>	<u>297,590,224</u>
Disbursements:			
Vendors	16,973,962	154,710,543	144,547,742
UH Payroll Clearing	28,602	448,773	2,726,332
Salaries & Wages	8,549,339	91,943,366	82,124,283
Payroll taxes	3,594,570	38,662,509	34,915,722
TIAA-CREF	1,223,852	12,875,239	11,702,935
HMSA/Kaiser/HDS	1,422,954	15,364,145	13,966,689
TCD Purchase	-	1,000,000	4,000,000
Short Term Investment Purchase	-	-	-
Other	-	-	-
	<u>31,793,279</u>	<u>315,004,575</u>	<u>293,983,703</u>
Increase(Decrease):			
Petty Cash Balances	(500)	6,490	(6,600)
Bank of Hawaii (PR)	-	-	-
Savings - TCD	-	-	-
Retricted Cash - Retiree Health Ben	-	-	(1,700,000)
Other	-	10,039	(7,581)
	<u>(500)</u>	<u>16,529</u>	<u>(1,714,181)</u>
ENDING CASH BALANCE	<u>\$ 11,156,556</u>	<u>\$ 11,156,556</u>	<u>\$ 22,871,479</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.

2025 Budget

Executive Summary

Fiscal Year 2024 Forecast

Fiscal Year 2024 is forecasted to show a net income of approximately \$1.65 million. The primary driver is our interest income of \$1.59 million. RCUH has benefited from the Federal Reserve's policy of elevated interest rates through the fiscal year. Operating expenditures are forecasted to be \$520,000 below budget, this was primarily due to savings in salaries and fringe benefits resulting from vacancies in positions.

Fiscal Year 2025 Budget

For Fiscal Year 2025, the significant budget assumptions and observations are as follows:

- Overall FY 2025 Revenues \$9.2 million, Expenses \$8.6 million and Net Income \$529,000. Interest income will again drive RCUH's net income. If we ignore interest income, the budget reflects a small deficit of \$211,000.
 - ▲ Salaries and wages include a 5% annual salary step increase for core staff for FY 2025. These increases are consistent with the negotiated UH's Bargaining Unit 8 contract.
 - ▲ Interest and other income are budgeted at \$740,000, as interest rates are predicted to decrease 25 to 50 basis points in FY 2025.
- Capital expenditures for IT system development is approximately \$885,000. The initiatives for FY 2025 are: (1) Complete move of RCUH's Financial Portal application to the Lumisight enterprise platform, (2) Complete the replacement of the AS400 Accounting System with SAP's Financial Accounting module, and (3) Update and overhaul HR's Employee Self-Service and Electronic Hiring System.
- Working capital reserve is projected to be approximately \$9.0 million at the end of FY 2025 and are adequate for RCUH's operating requirements.

RCUH				
BUDGET				
FISCAL YEARS 2024 AND 2025				
	FY24	FY24	FY25	
	Budget	Forecast	Budget	
OPERATING REVENUES & EXPENSES:				
REVENUES				
Fees from University of Hawaii -				
Extramural	6,428,480	5,918,992	\$ 6,605,387	
Intramural	400,000	476,288	455,000	
SRRC/Revolving	850,000	818,981	780,000	
Fees from direct projects	540,000	564,720	571,795	
Interest and other income	750,000	1,594,070	740,000	
TOTAL REVENUES	8,968,480	9,373,051	9,152,182	A
EXPENSES				
Salaries & fringes	4,829,058	4,139,740	4,873,377	B
IT services - Systemwide	1,207,401	1,469,420	1,430,925	C
Allocation of capitalized IT system development costs (Depreciation)	632,000	623,000	708,000	D
Insurance	600,000	623,147	642,000	E
Professional/technical support & insurance deductibles	242,500	172,503	305,414	F
Rent	142,200	138,111	149,000	G
Other	150,100	162,367	133,555	H
Staff development/training	105,700	85,017	114,000	I
Tuition support -- research personnel	75,000	54,522	75,000	J
External audit services	51,832	51,832	54,450	K
Supplies	55,000	45,582	41,000	L
Travel	33,000	16,547	35,500	M
Bank fees	24,000	31,961	32,000	N
Communications	18,850	17,794	15,000	O
Discretionary fund	10,000	5,000	10,000	P
Equipment & Controlled Property	65,000	35,000	4,000	Q
Claims and Settlements	-	50,000	-	
TOTAL OPERATING EXPENSES	8,241,641	7,721,543	8,623,220	
NET INCOME (LOSS)	\$ 726,839	\$ 1,651,508	\$ 528,961	R
CAPITAL EXPENDITURES:				
Furniture and Equipment	\$ 25,000	\$ 26,483	\$ -	S
IT system development	2,304,240	1,454,103	885,000	T
TOTAL CAPITAL EXPENDITURES	\$ 2,329,240	\$ 1,480,586	\$ 885,000	
WORKING CAPITAL RESERVE & CASH FLOW:				
Working capital reserve at beginning of year	\$ 7,824,151	* \$ 7,824,151	* \$ 8,618,073	
Net income (loss)	726,839	1,651,508	528,961	
Total capital expenditures	(2,329,240)	(1,480,586)	(885,000)	
Depreciation	632,000	623,000	708,000	
NET CASH FLOW	(970,401)	793,922	351,961	U
WORKING CAPITAL RESERVE AT END OF YEAR	\$ 7,427,413	\$ 8,618,073	\$ 8,970,035	

Notes to Budget for FY 2025

A	<p>Total Revenues: Total revenue are budgeted at \$9.2 million. Extramural project fees that are expected to increase as expenditures from extramural projects are anticipated to increase relative to total project expenditures. Intramural and Direct project fees are expected to remain flat. Fees from SRRC (Special Fund Research Recharge Centers) and Revolving Accounts are expected decrease. Certain SRRC accounts are anticipated to be moved to Enterprise Accounts thus lowering expenditure activity and fees to RCUH. In addition, the Revolving Accounts for Ship Operations are expected to revert back to the UH. Interest income is expected to decrease as average cash balances decrease due to the previously mentioned Revolving Accounts for Ship Operations transfers to the UH and anticipated interest rates decreases.</p>																																																												
B	<p>Salaries and fringes: FY 2025's budget include a 5% salary step increase for core staff employees. The step increase is equal to the negotiated increases for the UH's Bargaining Unit 8, which performs comparable administrative functions to RCUH's operations. In addition, overall health insurance premiums will increase.</p>																																																												
C	<p>IT Service - Systemwide: The FY2024 budget includes core maintenance and operating costs and based upon contractual commitments with RCUH's primary IT contractors (Data House, STHI and BST).</p>																																																												
D	<p>Depreciation: 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 increase by \$85,000 (14%) in FY 2025 as the Lumisight platform and SAP Accounting System are projected to be completed and become depreciable.</p>																																																												
E	<p>Insurance: FY2025 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.</p>																																																												
F	<p>Professional/technical support & insurance deductibles: The 2025 budget includes legal fees (HR, Taxes, Immigration, Marine, etc.) and actuary fees. Budget for legal fees for HR for benefit policy review and a pending labor complains.</p>																																																												
G	<p>Rent: Includes rent for office space in Burns Hall (BH), and equipment. The significant portion of Rent is office rent (\$132,000).</p>																																																												
H	<p>Other Expenses (Detailed breakdown as follows):</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-left: 20px;"> <thead> <tr> <th style="text-align: center;">Description</th> <th style="text-align: center;">FYE Budget 2025</th> </tr> </thead> <tbody> <tr><td>Membership Dues (HEC, CUPA-HR, SHRM HI, APA)</td><td style="text-align: right;">35,000</td></tr> <tr><td>OEY Awards</td><td style="text-align: right;">24,500</td></tr> <tr><td>Service Awards</td><td style="text-align: right;">9,275</td></tr> <tr><td>Recruiting Advertising</td><td style="text-align: right;">8,000</td></tr> <tr><td>Nvoicepay ACH Processing Fees</td><td style="text-align: right;">6,000</td></tr> <tr><td>Exchange Visitor Program/Immigration</td><td style="text-align: right;">5,500</td></tr> <tr><td>Board Meetings</td><td style="text-align: right;">5,000</td></tr> <tr><td>Forum Lunch</td><td style="text-align: right;">5,000</td></tr> <tr><td>60th Anniversay</td><td style="text-align: right;">4,000</td></tr> <tr><td>Miscellaneous - HR</td><td style="text-align: right;">3,000</td></tr> <tr><td>Miscellaneous - CS</td><td style="text-align: right;">3,000</td></tr> <tr><td>Miscellaneous - ED</td><td style="text-align: right;">3,000</td></tr> <tr><td>Access Storage</td><td style="text-align: right;">3,000</td></tr> <tr><td>Menehune Water</td><td style="text-align: right;">3,000</td></tr> <tr><td>Access Shred</td><td style="text-align: right;">2,600</td></tr> <tr><td>RCUH ID Cards</td><td style="text-align: right;">2,500</td></tr> <tr><td>Calendar</td><td style="text-align: right;">1,900</td></tr> <tr><td>Adobe Acrobat Creative Cloud</td><td style="text-align: right;">1,660</td></tr> <tr><td>Mailchimp</td><td style="text-align: right;">1,600</td></tr> <tr><td>Annual Report</td><td style="text-align: right;">1,250</td></tr> <tr><td>FieldPrint (fingerprint)</td><td style="text-align: right;">1,000</td></tr> <tr><td>Troy AssurePay Software License</td><td style="text-align: right;">1,000</td></tr> <tr><td>Miscellaneous - PA</td><td style="text-align: right;">1,000</td></tr> <tr><td>Thompson Information Services</td><td style="text-align: right;">600</td></tr> <tr><td>Survey Monkey</td><td style="text-align: right;">500</td></tr> <tr><td>Canva & Piktochart</td><td style="text-align: right;">300</td></tr> <tr><td>Notary Fees</td><td style="text-align: right;">250</td></tr> <tr><td>Poll Everywhere</td><td style="text-align: right;">120</td></tr> <tr><td>Total</td><td style="text-align: right;">133,555</td></tr> </tbody> </table>	Description	FYE Budget 2025	Membership Dues (HEC, CUPA-HR, SHRM HI, APA)	35,000	OEY Awards	24,500	Service Awards	9,275	Recruiting Advertising	8,000	Nvoicepay ACH Processing Fees	6,000	Exchange Visitor Program/Immigration	5,500	Board Meetings	5,000	Forum Lunch	5,000	60th Anniversay	4,000	Miscellaneous - HR	3,000	Miscellaneous - CS	3,000	Miscellaneous - ED	3,000	Access Storage	3,000	Menehune Water	3,000	Access Shred	2,600	RCUH ID Cards	2,500	Calendar	1,900	Adobe Acrobat Creative Cloud	1,660	Mailchimp	1,600	Annual Report	1,250	FieldPrint (fingerprint)	1,000	Troy AssurePay Software License	1,000	Miscellaneous - PA	1,000	Thompson Information Services	600	Survey Monkey	500	Canva & Piktochart	300	Notary Fees	250	Poll Everywhere	120	Total	133,555
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I	Staff development/training: The FY 2025 budget includes Hawaii Employer’s Council Training for project supervisors as well as planned departmental specific trainings.								
J	Tuition Support: This is an RCUH program to encourage RCUH research 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 UH. The budget reflects a commitment of \$75,000 toward tuition expense reimbursement.								
K	External audit services: Fees paid to CPAs for external audit of financial statements and audit of Extramural Management Fee charged by RCUH to UH under the Internal Agreement. These fees were approved by the RCUH Audit Committee in its March 13, 2024 meeting.								
L	Supplies: Includes all operating office supplies (paper, envelopes, printer ink, postage, etc.).								
M	Travel: Planned travel for campus visits, security trainings, conferences, and meetings.								
N	Bank Fees: Fees paid to financial institution for transactional services.								
O	Communications: Expenses for maintenance and operation of phone system. The phone system and services are provided by UH IT.								
P	Discretionary fund: Funds available to pay for RCUH business expenses at the discretion of the Executive Director.								
Q	Equipment & Controlled Property: Includes small purchases of office equipment and furniture. The FY 2025 budget includes a planned purchase of two computers.								
R	Net Income: Total revenues are expected to exceed operating expenses and generate a net income of approximately \$529,000. The income is primarily driven by expected interest income of \$740,000.								
S	Capital Expenditure – Furniture and Equipment: No planned major expenditures for office furniture and equipment.								
T	<p>Capital Expense (IT system development): Planned projects include:</p> <table border="1" data-bbox="342 995 1339 1171"> <thead> <tr> <th>Description</th> <th>Budget</th> </tr> </thead> <tbody> <tr> <td>Lumisight Enterprise Platform Integration and replacement of AS400</td> <td>675,000</td> </tr> <tr> <td>ESS & EHS Overhaul and HR Portal update</td> <td>210,000</td> </tr> <tr> <td>Total IT Capital Expenditures</td> <td>885,000</td> </tr> </tbody> </table>	Description	Budget	Lumisight Enterprise Platform Integration and replacement of AS400	675,000	ESS & EHS Overhaul and HR Portal update	210,000	Total IT Capital Expenditures	885,000
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ESS & EHS Overhaul and HR Portal update	210,000								
Total IT Capital Expenditures	885,000								
U	Working capital reserve: The FY 2025 budget reflects a net increase in the working capital reserve of approximately \$352,000. The working capital reserve at the end of FY 2025 is expected to be approximately \$9.0 million. This reserve level is adequate for RCUH’s operating requirements and falls within RCUH’s Working Capital Reserve Policy.								



RCUH BOARD OF DIRECTORS MEETING – JUNE 27, 2024 EXECUTIVE DIRECTOR'S REPORT

This report presents programmatic updates and summarizes RCUH's major initiatives since the Board's March 13, 2024 meeting. It begins with updates, followed by a status report of the actions taken toward RCUH's 2022-2026 Strategic Plan.

UPDATES

Legislative Update

Despite RCUH's testimony in opposition at the House Finance Committee on April 3, Senate Bill 1511 advanced to the Governor's Office at the end of the legislative session. The final iteration includes amendments by both the House and Senate. On May 14, Governor Green was cited in a Civil Beat story as having said "it is a 'coin toss' as to whether he will veto Senate Bill 1511, which would limit the authority of the Research Corporation of the University of Hawaii." On May 22, RCUH was asked to submit a comments and recommendation form on SB1511 to the Governor's Office and a detailed response was provided on May 24 that listed various issues with the language of the bill.

The Governor will need to announce his intent to veto the bill by June 25 and must deliver the veto by July 10. If the bill is vetoed, it will not become law unless the Legislature successfully overrides the veto in a special session with a $\frac{2}{3}$ vote in each chamber. This special session would also have to occur at or before noon on July 10.

Status of Lumisight and SAP Implementation

The Lumisight platform and a refreshed Financial Portal is tentatively planned to go live on July 15. User Acceptance Testing (UAT) has been completed through a collaborative effort with both UH and RCUH users. More than 370 bugs were identified and corrected throughout the testing process. Due to the high number of errors, DataHouse implemented a regression testing process to confirm that previously corrected bugs were not affected by current programming fixes.

In anticipation of the July 15 release, a communication plan has been established to highlight the new functionalities of the refreshed Financial Portal. The plan includes a training webinar on July 10 to review and demonstrate new functionalities, although the majority of processes will remain the same. RCUH will use DataHouse's help desk support to handle and assist with questions and inquiries post-release.

The work pace on the SAP replacement of RCUH's AS400 was intentionally slowed in late March to allow RCUH's Accounting staff to fully devote their resources to the Lumisight and refreshed Financial Portal project. However, SAP workshops continued in areas that did not require Accounting staff participation. Those workshops were focused in the areas of Procurement, Grant/Project Management, Disbursing and Payroll. An initial requirements list was compiled from the workshops and configuration work has begun on individual components from that feedback. A preliminary system design detailing the various systems, process work flows and interfaces has been created and shared with UH IT for their comments and input. The forecasted completion of this project is the end of the first quarter 2025.

Recruitment of Finance Director

The posting of the Finance Director position was closed on March 16, 2024. RCUH did not interview any of the applicants and plans to procure executive recruitment services to assist in filling the position.

ACTIONS TAKEN TOWARD GOAL ACHIEVEMENT RCUH 2022 – 2026 STRATEGIC PLAN

GOAL 1. EVALUATE AND IMPLEMENT RECOMMENDATIONS FROM THE RCUH TASK FORCE.

- **Collaborate with UH in an effort to minimize IT costs.**
 - **Determine and evaluate areas for possible integration between UH and RCUH systems.** RCUH Corporate Services worked with UH Mānoa's Environmental Health and Safety Office to acquire their HAZCOM training for use on RCUH's Training Portal. This will ensure consistent messaging for RCUH employees working for UH research projects. The HAZCOM training was previously offered online by RCUH's former insurance provider.

GOAL 2. CLARIFY RCUH'S IDENTITY WITH UH AND THE STATE.

- **Ensure stakeholders understand RCUH's role and limitations.**
 - **Increase engagement with board members.** RCUH has been keeping board members up to date on the status of SB1511, including sharing its responses to the Legislature and Governor's Office. ED Gouveia has also been communicating with board members to discuss their concerns and thoughts on the bill and its potential effects.
 - **Educate government agencies, private companies, not-for-profits about RCUH's services and capabilities.** ED Gouveia has met with various agencies, such as the Mauna Kea Stewardship and Oversight Authority, Oracle, Government Sourcing Solutions, and individual Principal Investigators to educate them on RCUH's services and capabilities. Conversations have been informative and will hopefully serve as a catalyst to debunk the many myths and misunderstandings about RCUH.

GOAL 3. REFORM RCUH'S INTERNAL OPERATIONS.

- **Identify and implement efficiencies in RCUH's operations.** RCUH updated its Careers page on March 25 to streamline the applicant experience and ensure interested individuals have a better understanding of RCUH's role and their potential employment through RCUH. By consolidating the content of three separate pages, RCUH Human Resources noticed a decrease in applicant inquiries
 - **Evaluate internal procedures and streamline for efficiencies.** RCUH HR staff developed and implemented an electronic Open Enrollment form in Employee Self-Service to reduce the burden on employees. The new online form allows employees to save their progress, monitor their status in real time, and make changes to their plans and beneficiaries during the Open Enrollment period. This change resulted in an overall 87% employee submission rate and offered increased efficiency, compliance, and accuracy for HR staff.
 - **Develop procedure for annual cleanup of directories in Finance and Training Portals.** The Corporate Services Department developed internal procedures to onboard new RCUH employees in the RCUH Training Portal. Staff also worked with RCUH Human Resources to produce an employee termination report to deactivate accounts.

- **Invest in development of RCUH core staff.**
 - **Develop SOPs for each core staff position.** With the impending retirement of a tenured staffer, the Corporate Services Department has completed more than 20 SOPs for the various tasks/events throughout the year. In addition to developing SOPs, Corporate Services also worked with Learning & Performance Improvement Solutions on a knowledge transfer plan that can be replicated with other internal positions.
 - **Commit to one project site visit each year.** A dozen RCUH Core Staff visited JABSOM's SimTiki Simulation Center and the UH Cancer Center's Shepherd Research Lab on March 21. The intent of these site visits is to engage core staff employees and help them form a connection between their work and the research projects they serve. One respondent said:

"I think that our Core Staff team could benefit from quarterly site visits because they're really beneficial in helping us make a personal connection with our projects to better understand what they do and the environments that they work in. It also helps to give us a deeper sense of purpose in our own jobs to know that we are contributing to a bigger picture. Having these events/site visits also gives us the opportunity to connect with other Core Staff team members to help strengthen our own internal bond."
 - **Provide training on how to address performance.** RCUH concluded the third and final session in its supervisor training series with the Hawaii Employers Council. Nearly 70 supervisors attended the "Appraising Performance" training sessions on April 16 and 18. The course focused on how to complete RCUH's annual performance evaluation form, which was due June 19 to provide a pay adjustment/award effective July 1. Due to the positive feedback from participants and the impact Ms. Higa has seen from an HR standpoint, RCUH will continue to offer similar training for RCUH supervisors next fiscal year.
- **Ensure systems are secure and in compliance with applicable policies, regulations.** Since the Department of Labor increased the FLSA Exempt salary threshold, RCUH Human Resources has been analyzing the potential impact of the change. The new rule will increase the minimum salary threshold for Exempt employees to \$3,658/month or \$43,888/year effective July 1, 2024, followed by a new minimum of \$4,888/month or \$58,656/year effective January 1, 2025. Salary thresholds will update every three years starting July 1, 2027. RCUH HR will work directly with Principal Investigators of impacted employees, who may require a pay adjustment to meet the new minimum salary threshold.. RCUH estimates that a dozen employees will be affected by the July 1st change, and an additional 112 employees will be affected by the January 1, 2025 deadline. RCUH pay schedules will be updated accordingly.

Additionally, RCUH's IT Administrator has migrated core staff from Exchange 2016 to Exchange Online. This transition will result in savings on ongoing maintenance, support, and hardware costs for the existing Exchange server. The Office 365 Government Community Cloud service will also provide a more secure infrastructure for RCUH's operations.

- **Develop and implement an action plan for data and systems security.** RCUH released an internal Cyber Security Incident Response manual in May to ensure staff know what to do should a cyber incident occur. The 13-page manual provides an Important Contacts list,

Incident Report template, and clear procedures for the initial response and follow-up actions. On a positive note, the RCUH IT Administrator also reported that the number of users successfully spotting and reporting phishing emails is steadily rising, most recently at 57%.

- **Create new IT policies and procedures.** RCUH's IT Administrator developed and distributed the internal CJIS Physical Protection Policy and CJIS Disciplinary Policy to core staff. These policies are applicable to HR staff who have access to Criminal Justice Information Services (CJIS) data and includes guidance on how to protect this data and the disciplinary actions that would occur for policy violators.
- **Reduce the administrative burden for researchers.**
 - **Develop digital user guides, manuals for RCUH transactions.** RCUH Human Resources and Corporate Services developed and published a comprehensive 88-page digital guide on RCUH employee health and welfare benefits in preparation for the Open Enrollment period, which ran from April 24 to May 17. This guide was posted on the [RCUH Benefits page](#), which was also revamped to make Open Enrollment information easier to navigate.
- **Enhance IT systems to reduce manual processes and eliminate paper documents.**
 - **Re-evaluate IT initiatives based on available budget, priority, and ease of implementation.** The refreshed Financial Portal will have a help widget that allows users to suggest enhancements to the financial system. Finance staff will be able to use this feedback to plan and prioritize future IT improvements to the system. RCUH's HR team has also brainstormed future enhancements to the HR Portal and Employee Self-Service and will prioritize the implementation throughout the span of this strategic plan.
 - **Update Human Resources Portal:** RCUH must upgrade its backend system for the HR Portal/Employee Self-Service (ESS) to Fluid/PeopleTools 8.61 by the end of the calendar year for impacted pages to remain in support. This upgrade will make pages more adaptable based on the user's device and will impact the layout for the HR Portal, ESS, internal HR dashboard, and the Careers page.

GOAL 4. INCREASE ENGAGEMENT AND OUTREACH TO CLIENTS.

- **Strengthen relationships with Pls, FAs, and Project Staff.** RCUH employees were invited to participate in a Retirewise Financial Wellness Workshop 4-part series provided by MetLife in April that covered the topics of budgeting, investment principles, Social Security, and estate planning. RCUH Human Resources also posted a new Benefits Spotlight Series on Mental Health Support for Mental Health Awareness Month in May and provided a variety of resources available to RCUH employees.
 - **Schedule annual meetings on all islands for RCUH Leadership Team and Pls.** ED Gouveia has traveled to Maui and Hawai'i Island to meet with Principal Investigators and UH administrators to discuss RCUH's services and capabilities. Engagement and feedback from these critical stakeholders will help to shape RCUH's internal operations and hopefully strengthen the UH-RCUH relationship outside of O'ahu.

- **Conduct virtual Q&A sessions each quarter on various RCUH-related topics.** The RCUH Human Resources team held a mixture of 26 virtual, hybrid, and in-person meetings with more than 250 project staff to provide information and resources on employee benefits in preparation for Open Enrollment. This helped to increase both supervisor and employee understanding of RCUH's benefits (e.g., tuition reimbursement, flexible spending, paid leaves), as well as strengthening the relationship between RCUH core staff and the projects we serve.
- **Improve external communications to projects.**
 - **Conduct annual forum on research-related topics.** RCUH collaborated with the UH Manoa Office of the Vice Provost for Research and Scholarship to host a Faculty Puwaloa Research Forum on April 19 titled "Connecting Voices: Fostering Community Engagement." The event was held at the UH IT Center and featured six panelists from a spectrum of research fields. Roughly 50 individuals participated in-person and online and the recording was made available on UH's website. Feedback following the event was overall positive with the following comments:

"Great information for researchers and others conducting research in the community, especially those new to the islands."

"Each panel presenter provided their own unique perspectives on their community engaged research. It was refreshing to hear about the work being conducted out in Hawaii's communities that centers the community voices. We need to see more of UH's research integrate Hawaii's communities and provide more support to those that already do."
 - **Update RCUH website.** RCUH launched an online survey on June 3 to gain initial feedback on what features users want to see on the new site. Responses will help to guide the site's new design and functionality and help to recruit members for a focus group. RCUH anticipates unveiling the new site in July 2025.
 - **Provide training on RCUH's policies & procedures by department/section to ensure consistent communications with projects.** RCUH Recruitment staff held an online webinar on April 25 to discuss the recruitment process for RCUH employees. A total of 125 participants attended and had positive feedback. Of the 45 participants who responded to the post-webinar survey, 91% said they would be able to use what they learned in the webinar and 96% said the webinar was of high quality.

OTHER ITEMS OF INTEREST:

- **New Direct Projects (27 Active Direct Projects):**
 - **Hi Local2030 Hub (Community Engagement for the Hawaii County Climate Action Plan) – \$86,990.** This project will support the collaboration between Hawaii Green Growth and the County of Hawai'i Department of Research & Development to enhance community engagement and communications on Hawai'i County's Integrated Climate Action Plan (ICAP) implementation and other sustainability efforts.