MINUTES OF REGULAR MEETING OF THE
UNIVERSITY OF HAWAI'I BOARD OF REGENTS

October 17, 2003

I. CALL TO ORDER

The monthly meeting of the Board of Regents was called to order by Chairperson Patricia Y. Lee on Friday, October 17, 2003 at 10:50 a.m., in Rooms 101/102, Building 388, Hawai'i Community College.

Attendance

Present were Regents Byron W. Bender, Ted H. S. Hong, Trent K. Kakuda, Duane K. Kurisu, Kitty Lagareta, Walter Nunokawa, Alvin A. Tanaka, Jane B. Tatibouet, and Myron A. Yamasato; President Evan S. Dobelle; and Executive Assistant Carl H. Makino. Regents James J. C. Haynes II, Charles K. Kawakami, and Executive Administrator and Secretary of the Board David Iha were excused.

Also present were Mr. Sam Callejo, Chief of Staff; Dr. Doris Ching, Vice President for Student Affairs; Mr. Paul Costello, Vice President for External Affairs and University Relations; Dr. James Gaines, Interim Vice President for Research; Mr. Walter Kirimitsu, Vice President for Legal Affairs and General Counsel; Dr. David McClain, Vice President for Academic Affairs; Dr. Linda Johnsrud, Interim Associate Vice President for Planning and Policy; Ms. Peggy Cha, Chancellor, Kaua'i Community College; Dr. Shirley Daniel, Interim Chancellor, Hawai'i Community College; Dr. Angela Meixell, Chancellor, Windward Community College; Dr. John Morton, Chancellor, Kapi'olani Community College; Dr. William Pearman, Chancellor, UH-West O'ahu; Mr. Ramsey Pedersen, Chancellor, Honolulu Community College; Dr. Clyde Sakamoto, Chancellor, Maui Community College; Dr. Mark Silliman, Chancellor, Leeward Community College; Dr. Rose Tseng, Chancellor, University of Hawai'i at Hilo; Ms. Elizabeth Sloane, University of Hawai'i Foundation; Mr. J. N. Musto, Executive Director, University of Hawai'i Professional Assembly (UHPA); Ms. Mary E. Tiles, President, UHPA; Mr. Walter Niemczura, President, Administrative, Professional, and Technical (APT); and others.
II. APPROVAL OF MINUTES

Upon motion by Regent Tatibouet and second by Regent Lagareta, the Board approved the minutes of the September 5, 2003 meeting.

III. ITEMS FROM PRESIDENT’S MEMORANDUM NO. 23
RECOMMENDATIONS FOR ACTION AND
GENERAL INFORMATION

Lease of 34.5 Acres from the U.S. Navy for a Photovoltaic Energy Park Project

Interim Vice President Gaines requested that the Board authorize the administration to begin negotiations with the Navy to enter into a no-cost, long-term lease of 34.5 acres of Navy land located in Ewa, West Loch, O‘ahu for the construction of a photovoltaic energy park.

Lease and easement negotiations for the Photovoltaic Energy Park (PVEP) project must be completed for the project to move forward and for the appropriated Federal funds to be used in a timely manner. Failure to execute a lease could result in loss of project funding.

The purpose of the lease is to provide the land necessary to implement a joint, Hawai‘i Natural Energy Institute (HNEI), Hawaiian Electric Company (HECO), and Navy project to develop, construct and operate a photovoltaic energy park and conduct related research and development.

The University’s HNEI has entered into an alliance with HECO and the Office of Naval Research (ONR) of the Navy to participate in a renewable energy project on land to be leased from Navy Region Hawai‘i. The goals of the project are to: 1) design, install, and operate a photovoltaic energy system, and 2) conduct research and field tests of emerging photovoltaic technologies and the integration of hydrogen production and fuel cell technologies.

Project funds in the amount of $2,500,000 have been appropriated by the U.S. Congress and released to ONR to install a 100 kW demonstration scale photovoltaic system along with several smaller experimental systems for testing and evaluation. The Navy will provide the land, project funding, project oversight, and environmental assessments and approvals. A major portion of the funds will be contracted by ONR to HNEI for project management and coordination; design, engineering and procurement; system testing and data collection; and related alternative energy research, such as hydrogen and fuel cell technology development. HNEI would enter into a lease with Navy Region Hawai‘i to use 34.5 acres of Navy land designated for the energy park. HNEI will enter into a sublease or operating management agreement with HECO for power line upgrades and
interconnections, and operation and maintenance of the photovoltaic system. Subsequent development on the site by HECO could result in a 2 to 3 MW photovoltaic energy park and expanded research and testing capabilities.

The basic terms of the lease would be:

- No cost to HNEI (University)
- Minimum 50 years
- Use solely for renewable energy development and use
- Compliance with required regulations and codes
- Appropriate terms for early termination

Hawai‘i is the strategic home port to the Navy, Army, Air Force and Marines Corps in the Pacific. Hawai‘i is also dependent on imported oil for about 90% of its energy use. This project will develop and demonstrate the viability of generating alternative, renewable, solar power using the best available photovoltaic system technology. Results from this project will be valuable in developing similar projects at military sites throughout the Pacific.

At full build out, the site could generate between 2 to 3 MW of renewable, non-polluting electric power for use by the military and the public. The University will have a site for development and testing of emerging renewable energy technologies. The site will allow HNEI to secure more research and development funding for the University and build on its ongoing partnership with the Navy and HECO. The project supports Hawai‘i’s Congressional delegation and State’s efforts to develop and utilize its own natural sources of alternate energy for economic and social benefit.

Regent Kurisu moved to authorize the administration to begin negotiations with the Navy for a no-cost, long-term lease of 34.5 acres of Navy land under terms acceptable to the University located in West Loch, O‘ahu for the construction of a photovoltaic energy park, as presented in President’s Memorandum No. 23 (Agenda), Item A-1, dated October 17, 2003. Regent Kakuda seconded the motion which was unanimously carried.

**Request to Postpone the Implementation of the Board of Regents’ Policy on Employing University Personnel through The Research Corporation of the University of Hawai‘i (RCUH)**

Interim Vice President Gaines requested that the Board postpone through April 30, 2004 the implementation of Section 5-19c of its policies relating to the employment of University personnel through RCUH.

The requested postponement will permit the University to develop implementation plans and recommendations to ensure that the Board’s policy and
the University’s research operating requirements are fulfilled. The postponement will provide time for the President to organize and charge a task force with appropriate representatives for that purpose.

In accordance with Chapter 5 of the Board of Regents' Policies (BORP), amended October 18, 2002, employment through the RCUH of persons providing services to the University shall not be in excess of one year. The BORP, Section 5-19c, as amended, reads:

c. Service ordering to RCUH shall be for the direct support of a research or training project and shall not include major construction (CIP) and repair and maintenance (R&M) projects, employment of any person in excess of one year, purchases in excess of $100,000 (total value), as a means to supplement existing University contracts or salaries, and contracting of services exceeding $100,000 in total value unless prior Board approval is obtained.

At the September meeting of the Board, researchers expressed their concern that the restriction of one-year employment via RCUH will have a very significant adverse impact on their ability to conduct their research, and as a consequence, may jeopardize the University’s research enterprise. Specifically, the restriction of employment at RCUH to one year means that research support personnel will need to be hired with the University’s human resource management system and be subject to collective bargaining agreements. Researchers also note that RCUH is better able to address retirement benefits for research support personnel who may only be employed for three to five years. RCUH is able to offer vested retirement benefits after only one year of service, whereas the State’s retirement plan offered by the University requires ten years of service in order to vest. Hence, valuable research support personnel may not be eligible for retirement benefits for their service should they be employed through the University if their projects’ funding, and, in turn, the basis for their employment, end in less than ten years.

At the same September meeting, an HGEA representative expressed concerns that the employment of certain personnel through RCUH was a circumvention of University hiring policies and that they should rightly be hired by the University. The University administration concurred that there appears to be several administrative and support positions currently on the RCUH payroll who have no link to the research and training enterprise and should be on the University’s payroll. HGEA representatives have expressed their willingness to engage in a problem-solving dialogue with the University with regard to employment of these personnel.

RCUH currently employs a number of employees who have supported University research projects for a number of years, such that it may be detrimental to these employees and possibly negatively impact on-going research projects should the RCUH positions be abolished, as a consequence of the one year
limitation. It is essential to the University’s research enterprise that there be staff to support the continuous and efficient operations of research.

In conjunction with the postponement of the implementation of Section 5-19c relating to limiting service ordering, the President shall organize a task force comprised of appropriate representatives. The charge to this task force shall include the development of plans and recommendations relating to Section 5-19c of the BORP as it relates to limiting service ordering of employment with RCUH to one year. In order to minimize the disruption of research operations, RCUH employees employed at the time of the effective date of the policy shall remain RCUH employees until the Board fully implements its policy. In addition, the task force shall:

- Formulate recommendations regarding the Board policy, designed to seek fulfillment of the Board’s intent to support the research enterprise,
- Identify categories of and/or criteria designed to identify employees that shall be permanently exempted from the provisions of Section 5-19c, and
- Develop guidelines to identify the types, conditions, and criteria for service ordering employment to RCUH and procedures to be observed.

In consideration of the status of employees as RCUH or University employees, the Task Force may include among its recommendations suggestions about the roles, responsibilities, and administrative and operational relations between RCUH and the University.

Regent Lagareta moved to postpone through April 30, 2004 the implementation of Section 5-19c of the Board’s policy relating to the employment of University personnel through the Research Corporation of the University of Hawai‘i, with the understanding that the Task Force shall not deviate from the intent of the Board’s policy and limit itself to personnel issues, as presented in President’s Memorandum No. 23 (Agenda), Item A-2, dated October 17, 2003. Regent Nunokawa seconded the motion which was unanimously carried.

**Delegation of Authority to the President to Approve Personnel Actions**

President Dobelle stated that because of the delays in getting the final organizational charts before the Board, he was recommending that the delegation of authority to the President continue with the exception of all actions related to managerial personnel. Chief of Staff Callejo explained that on September 20, 1985, the President was delegated the authority to approve certain personnel actions. The Board further delegated authority to approve personnel actions on October 19, 2001. The action of the Board rescinded all prior delegations and instituted a more comprehensive list of delegations.
As the second year of the two-year temporary delegation draws to a close, the administration recommends that the Board grant the President these delegations for an additional two year period from October 19, 2003 - October 18, 2005. The President, Vice Presidents, Chancellors, and Mānoa Deans and Directors will continue to diligently exercise their responsibilities and be held accountable for all delegated actions.

Through regular monthly meetings to review executed delegated actions, review of individual action recommendations, and through monthly meetings of the Chancellors’ representatives to discuss policies, procedures and issues of concern, the Administration has demonstrated its commitment to comply with Board policies, administrative procedures, collective bargaining agreements, and state and federal laws.

Regent Lagareta moved to approve the continued delegation to the President of the authority to approve personnel actions, with the exception of all actions relating to Executive/Managerial personnel, for the period October 19, 2003 to October 18, 2005 with the understanding that annual reports on this delegation are to be submitted to the Board, as presented in President’s Memorandum No. 23 (Agenda), Item A-3, dated October 17, 2003. Regent Nunokawa seconded the motion which was unanimously carried.

**Amendment to Board Policy on Rules of Conduct**

The University General Counsel received a request from the Secretary of the Board to review a recommendation from Regent Hong to repeal section 1-2(a)(2)(b) of the Board’s policies since it appears to be unconstitutional.

In relevant part Section 1-2 (a)(2)(b) states:

"No member of the Board shall publicly challenge any act of the President as being contrary to established policy except in a meeting of the Board."

Regents are ultimately responsible for overseeing University policy, including its management and operation. Accordingly, Regent Hong contends that Regents must be able to communicate with the public and media even if it is to disagree with the actions and positions of the University President. He further contends that public discourse and interest demands that the Regents as individuals and as a group be free to engage students, faculty and the public in discussions about university operations. Not being allowed to take a position or to speak about it unfairly limits the Regents’ free speech and deprives the public from participating or being given notice of important issues at the University.

Upon review the University General Counsel finds that the section in question is probably not an unconstitutional infringement of Board members’ free speech rights if the Board can articulate sufficient justification for the policy. Therefore, if the
Board can articulate justification for limiting a challenge of an act of the President as being contrary to established policy to a meeting of the Board, then the restriction on a Board member’s speech may be reasonable in light of the Board’s articulated justification. Since there was no information as to the Board’s justification for the policy, the University General Counsel was unable to determine with certainty the constitutionality of the policy. However, Counsel noted the principle of statutory construction that affords enactments of the legislature a presumption of constitutionality. Accordingly, by analogy, Board policies may be afforded this presumption of constitutionality.

The University General Counsel further pointed out that it is the exclusive jurisdiction of the Board to interpret its policies.

Regent Lagareta stated that this policy makes it prohibitive for Regents to achieve openness and to think and speak freely. She added that the Regents will be working with the President and hope to have any differences aired in these meetings. She clarified that this action was not directed at President Dobelle in any way. This is not the only policy that is being reviewed. Regent Hong echoed Regent Lagareta’s remarks, adding that this was not a personal issue and that his reason for initiating this discussion was his personal philosophy regarding public boards and commissions. He believed that members of boards and commissions should be untethered and should be able to speak out freely or discuss matters freely. He stated that he was glad to see that everyone, including the President, supported that initiative. Chair Lee added that this issue arose due to the question of constitutionality of that policy.

Regent Lagareta moved that the Board repeal Section 1-2(a)(2)(b) of its policy on Rules of Conduct. Regent Hong seconded the motion which was unanimously carried.

**Establishment of a Master of Science Degree in Tropical Conservation Biology and Environmental Science, University of Hawai‘i at Hilo**

Chancellor Tseng requested that the Board approve the establishment of the Master of Science Degree in Tropical Conservation Biology and Environmental Science at the University of Hawai‘i at Hilo (UHH). The program proposal was unanimously approved by the UHH Graduate Council on April 18, 2003.

The financial resources to support the program will be provided through a combination of existing UHH resources and substantial additional extra funding provided by the National Science Foundation’s EPSCOR Program. EPSCOR funds would be targeted for 9 new faculty positions, 3 technical support positions, graduate assistantships, and equipment. The College expects that the $4.5 million grant per year for three years will cover these expenses.
The overall mission of the proposed program is to provide recent baccalaureate graduates and those currently working in conservation biology and environmental science with graduate training that will prepare them for careers as conservation and environmental scientists and managers. The program will also provide students with an excellent foundation for doctoral studies in a variety of theoretical and applied disciplines. The conservation challenges that face tropical ecosystems including Hawai‘i are such that solutions require a broad knowledge not only of biology, but also of the physical and social sciences. The focus of the program will be on developing the breadth necessary to address applied environmental problems.

This submission is in recognition of the extraordinary biological and physical complexity on the Island of Hawai‘i as well as the state’s distinction as the endangered species capital of the United States. The proposed program fills an important need. There is a serious lack of local students involved in scientific research and environmental careers in general, and it is well established that the most successful conservation efforts involve the active participation of the local community. Involvement of local students requires accessibility and affordability. UHH provides both to students from across the state and region.

Extensive tracts of public land and coastal habitat have been and are proposed to be set aside as protected areas, and it is important that trained personnel are available to manage these fragile ecosystems. Several local agencies regularly seek employees with advanced training and experience with the unique aspects of the physical and biological nature of ecosystems found in Hawai‘i. In addition, the knowledge the students gain through this Master’s Program can be applied throughout the Pacific region and to other ecosystems in the U.S. and the world. Thus the graduates of this Master’s Program will be able to compete successfully for positions in Hawai‘i, the Pacific region and the mainland U.S.

The proposed UHH program has been developed in close consultation with key personnel at the University of Hawai‘i at M~noa (UHM) and does not duplicate existing graduate programs on the M~noa Campus. Currently UHM offers only a “specialization” in Ecology, Evolution and Conservation Biology (EECB) under a Master’s Degree in one of several primary fields, including Zoology, Botany, Geography or Genetics. This is the only similar graduate degree offered in the state of Hawai‘i, and differs substantially in that it is offered as a specialization within a different major while the proposed UHH degree program is offered as a stand-alone degree. Also, because the EECB program at M~noa is primarily focused on Ph.D. students, the proposed program at UH Hilo may be synergistic in that it is likely to provide students interested in further graduate studies to that UHM Ph.D. program.

Professor David Miller of UHH testified that he was concerned about the process by which new programs are approved. He stated that approval of this program would set a precedent for future programs that are not reviewed carefully and thoughtfully by the governance bodies. He suggested that the program be
approved either provisionally or delay approval of this program for a month or so until that process can be done.

Asst. Professor Bill Mautz, Vice Chairman of the UHH Congress responded that while the process was not perfect, the Congress was working with the Senate and the Graduate Council to establish a clear review procedure. Regent Hong asked if the Faculty Congress had an opportunity to debate and discuss the entire program. Asst. Professor Mautz said that the Congress did review the proposal package and the vote was 11 to 1 in favor of the proposal.

Regent Bender suggested approval pending review of the courses by the appropriate campus organizations.

Regent Nunokawa moved to approve the establishment of the Master of Science Degree in Tropical Conservation Biology and Environmental Science at the University of Hawai‘i at Hilo effective Fall 2004 subject to the Regents' policy on provisional academic programs as presented in President's Memorandum No. 23 (Agenda), Item A-5, dated October 17, 2003, with the proviso that the courses will be submitted for review by the appropriate governing bodies. Regent Bender seconded the motion which was unanimously carried.

**Hiring of a Consultant for the Office of Research Services**

Vice President Gaines requested that the Board of Regents approve the hiring of a consultant to prepare the University’s facilities and administrative (F&A) rate proposal to the Federal Department of Health and Human Services Division of Cost Allocation, to assist in negotiating the F&A rate, and to assist the Office of Research Services (ORS) in creating and implementing a strategy to reduce its accounts receivables. Hiring a consultant will enable the University to identify options that may permit the University to increase its indirect cost overhead rate and to help find more effective procedures and enhance research fiscal operations.

The University's extramural awards grew from $159 million for the fiscal year ended June 30, 1998 to $252 million for the fiscal year ended June 30, 2002. While total operating expenses rose from $728 million to $817 million during the same period, research infrastructure expenses did not keep pace with the increase in extramural awards.

The University negotiates systemwide F&A rates with the San Francisco office of the Department of Health and Human Services (HHS) Division of Cost Allocation. Systemwide rates are negotiated because only the Mānoa Campus is engaged in a significant level of research activity. The current on-campus research F&A rate is 36.3%. Recovered F&A costs for the fiscal year ended June 30, 2002 totaled $25 million.
An issue critical to the survival of the University's research enterprise is how to increase its low research rate. Increasing the research rate can be accomplished either by reducing the denominator ("research base") or by increasing the numerator ("F&A pool"). For example, the University has an opportunity to reduce the research base by reconsidering how it classifies activity as research and by revising the method in which it accounts for faculty effort on grants. It also has an opportunity to increase the F&A pool by using depreciation instead of the less advantageous use allowance. Because these methods have the potential to increase the rate, they will be subject to intense scrutiny by federal negotiators. Changing how faculty effort is accounted for is likely to require a formal understanding between the University and the Federal Government. Switching to depreciation will raise questions about the useful lives adopted and about the integrity of the space survey.

The consultant will help the University:

- To conduct a study in order to prepare a proposal for the University's F&A rate negotiations;
- To identify and implement methodologies or special studies that may enable the University to increase the F&A rates;
- To ensure that the University has prepared the F&A proposal in accordance with federal regulations and cognizant agency guidelines;
- To ensure that the University appropriately reports changes in its methodology in the disclosure statement;
- To complete rate negotiations before July 1, 2004; and
- To transfer knowledge to the University employees assigned to the F&A study.

As a result of the University’s A-133 audit, the University was written up on the monitoring of its accounts receivable. This finding consisted of three parts: (1) the ORS did not monitor the aging of expenditure reimbursement billings to sponsors in a timely manner; (2) ORS did not monitor long-standing accounts receivable that are probably uncollectible; and (3) that ORS should use the Federal Management Information System (FMIS) accounts receivable aging report or develop its own accounts receivable system or modify the FMIS System Report.

The University's FMIS has no invoice templates or aging report tailored to sponsored project receivables. To improve accounts receivable, the University must look at automating what is largely a manual process as well as come up with effective strategies for timely billing and collection. The policies and procedures for billing and collection need to be updated and enforced by upper management. In particular, the field responsibility for their part in the process must be clearly understood.

The consultant will help the University:
• To provide specifications for invoice templates to be programmed into the FMIS or through an interface program;
• To update the University’s policies and procedures for billing and collections on extramural grants; and
• To provide specifications for an accounts receivable aging report.

The proposed contract shall be for one year. Costs for travel are included in the proposal which will not exceed $120,000 and are available through the Research Training Revolving Fund.

Regent Nunokawa moved to approve the hiring of a consultant to prepare the University’s facilities and administrative (F&A) rate proposal, assist in negotiating the F&A rate, and assist ORS in creating and implementing a strategy to reduce its accounts receivable, subject to the Board’s policies on procurement and hiring of consultants, as presented in President’s Memorandum No. 23 (Agenda), Item A-6, dated October 17, 2003. Regent Kakuda seconded the motion which was unanimously carried.

Establishment of a College of Business and Economics at the University of Hawai‘i at Hilo

Chancellor Tseng requested that the Board approve the establishment of a College of Business and Economics at the University of Hawai‘i at Hilo, effective January 2004.

Programs, faculty and budget currently administered by the School of Business would be transferred from the College of Arts and Sciences to the College of Business and Economics. The School of Business is currently a functional division within the College of Arts and Sciences. The College of Arts and Sciences (CAS) is responsible for the administration of multiple programs with diverse missions, student outcomes and resource needs. Programs in the CAS encompass traditional liberal arts programs, professional programs designed in response to community needs, and growing research activity supported primarily by external grants.

The proposed reorganization would establish a more autonomous academic and administrative structure, allowing for sharper focus on the different missions of the professional business programs and liberal arts programs. It would promote greater operating efficiency in the development and delivery of programs, greater institutional and community recognition of the College of Business and Economics, and achievement of the College’s vision to be Hawai‘i’s leader in small business and entrepreneurial education. It would also demonstrate an important institutional commitment to the business program’s accreditation initiative with the Association for the Advancement of Collegiate Schools of Business (AACSB).
The academic programs designated for the College of Business and Economics differ in focus and mission from other programs in CAS. The business and economics programs have a high level of commitment to larger communities; students are prepared to move directly into professional positions; faculty tend to conduct research that is more applied than basic and are more involved in professional consulting activities.

Because of the size of the programs in Business Administration and Economics (13.4 percent of undergraduate majors in Fall 2002), the CAS Dean’s attention is divided between these programs and other liberal arts programs. Transferring these programs to the College of Business and Economics would allow greater focus on the administration of programs that are more similar in mission. This would position the University for further development of program quality, enrollment, and external funding. A direct reporting line between the Dean of the new college and the Vice Chancellor for Academic Affairs would also promote greater efficiency in decision-making.

The proposed reorganization is consistent with the organizational structure found in many institutions peer to UH Hilo in classification and size, and is typical for Carnegie Masters II institutions, a direction in which the University of Hawai‘i at Hilo is moving. This proposal is consistent with the University of Hawai‘i System Strategic Plan and the University of Hawai‘i at Hilo’s Strategic Plan and Strategic Initiatives, 2002-10.

The proposal to establish a College of Business and Economics would require additional resources and would be executed in two phases. The first phase of the development of the College of Business and Economics would not require new system resources. It is an enrollment-building and accreditation phase, completed when major count has grown to 400, or student semester hour production to 4,000, or accreditation. The estimated annual cost of this phase is $29,000. Costs of this phase would be funded through internal UH Hilo reallocation. A clerk-steno position loaned to the School of Business would also be internally reallocated to the new college. The second phase is a major growth and community relationship-development phase. The estimated annual cost of this phase is $104,000, primarily for securing a professional dean. The professional dean would be responsible for new program development, student and faculty recruitment, and external fund development. This position would be supported through a mix of internal growth, legislative appropriation and external support. If legislative appropriation were not forthcoming, internal reallocation would be made to support the additional funding needs.

Space for the office of the Dean would be accommodated within existing space resources. A CIP request for a new College building has been included in UH Hilo’s capital improvement plans for longer-range growth projected for the College.
The Hawai‘i Government Employees Association (HGEA) and the University of Hawai‘i Professional Assembly (UHPA) were consulted on this request. HGEA concurs with this reorganization proposal but UHPA has stated its opposition on the principle that no new administrative positions or increases in administrative funding be allowed until UHPA has settled the salary article of its contract with the University of Hawai‘i. In recognition of this concern, the Board may wish to make the action to establish the College of Business and Economics effective upon settlement of the salary article of the contract between UHPA and the University of Hawai‘i. The proposal has the support of all Faculty members in the School of Business the College of Arts and Sciences Faculty Senate, and the University of Hawai‘i at Hilo Congress.

Professor David Miller testified that he supported the policy adopted by the University of Hawai‘i Professional Assembly and its Board of Directors opposing the establishment of any new administrative positions until the successful negotiation of salary increases for University of Hawai‘i faculty. He asked that the establishment of the College of Business and Economics be delayed until the faculty have completed a comprehensive reorganization process.

Professor Marcia Sakai testified that a fairly extensive governance process was completed last year with consultation and actual votes by both the Senate and the Congress. She stated that the University of Hawai‘i Foundation will be used as a resource to supplement monies for endowments to hire a Dean and for endowed chairs for professorships within the school.

Regent Nunokawa moved to establish a College of Business and Economics at the University of Hawai‘i at Hilo, effective January 2004, subject to the Regents’ policies on provisional academic programs and establishment of organizational units provided no executive/managerial positions are to be authorized for the new unit without prior Board approval, as presented in President’s Memorandum No. 23 (Agenda), Item A-7, dated October 17, 2003. Regent Kakuda seconded the motion which was unanimously carried.

**Fiscal Year 2005 Supplemental Budget Request**

(Note: Regent Kakuda recused himself from all discussion and vote on this item due to a possible conflict of interest.)

Chief of Staff Callejo reported that as a result of steady improvements in the Hawai‘i economy during recent months, the Council on Revenues, at its September 15, 2003 meeting, adjusted upward its revenue forecast for the current fiscal biennium. While this is encouraging and good news, compared with earlier forecasts, the additional revenues anticipated for FY 04 and FY 05 are only projections at this point. As a matter of budgetary prudence, the State must continue to proceed cautiously to safeguard the integrity of its finances.
The State Director of Budget & Finance (B&F) furthermore issued instructions that within the framework of Hawai‘i’s biennial budget system, all program requirements are expected to be developed, justified and funded for two years at a time. Any change in mid-stream should be kept to a minimum and should reflect a true emergency of unanticipated critical need. Accordingly, the following general policies are issued for the development of the Supplemental Budget for Fiscal Biennium (FB) 2004-05.

1. Program goals and objectives are expected to be accomplished within existing funding levels.

2. There will be no increase from current appropriations for both FY 04 and FY 05 as authorized in Act 200/03 (the General Appropriations Act) for the operating budget as well as the capital improvement budget. Limited exceptions to this general rule will be allowed, as discussed below in the Supplemental Budget Guidelines.

3. Departments are authorized to recommend trade-offs and transfers within and among programs under their purview. Specific conditions are discussed below in the Guidelines.

4. Changes in the means of financing (MOF) may be proposed as long as such changes do not result in direct or indirect additional requirements for general funds, G.O. Bonds, or G.O.R. Bonds in excess of Act 200/03. Changes to the program MOF shall not be used to increase the size and/or scope of such programs.

5. Any requests for new programs, regardless of funding sources, must demonstrate that such programs are appropriate functions of State government and can be implemented by government more cost effectively than by the private sector.

6. Departments should be prepared to initiate necessary enabling legislation, or appropriate rule changes, to coincide with budget requests, as applicable.

The University of Hawai‘i received guidelines for FB 2004-05 Supplemental Budget Request on September 19, 2003 from B&F with a deadline for submittal by October 6, 2003. The budget instructions addressed both the Operating and Capital Improvements Program (CIP) Budget request. Instructions were transmitted to the Chancellors immediately and they were asked to respond by October 2, 2003. An advanced copy of the supplemental budget was transmitted to B&F on October 7, 2003 with the note that “these requests are still pending review and approval by the Board of Regents.”
The Supplemental Budget Request for the University of Hawai‘i System and the 10 campuses totaled $20 million for 23 programs and entitlements. The breakdown by system/campus is as follows:

- System .................................... $ 1,068,072
- Mānoa .................................... $ 15,934,265
- Hilo ......................................... $ 520,089
- West Oahu .................................... $ 84,980
- Community Colleges ..................... $ 2,425,235

Mr. Callejo stated that the CIP budget was prioritized based on the need to address the deferred maintenance backlog on all ten campuses, plus fire safety code compliance, health and safety, infrastructure improvements and projects that are under design and will be ready for construction in FY 2005. He added that $250,000 will be included in the budget for the Hawaiian Language College at UHH as a result of commitments made by President Dobelle at the Regents’ committee meeting. The Charter School project at Hilo was eliminated.

Regent Tanaka reiterated that the supplemental budget has certain parameters that the State Budget and Finance Department had sent to the University. He stated that the campuses should include emergency issues, safety issues and security issues, and other items that comply with the instructions rather than inserting a wish list.

Regent Tanaka moved to approve the University of Hawai‘i’s Supplemental Budget Request for FY 2004-2005 subject to the Regents’ budget policy, and as presented in President’s Memorandum No. 23 (Agenda), Item A-8, dated October 17, 2003. Regent Lagareta seconded the motion which was unanimously carried.

**Establishment of the Department of Native Hawaiian Health, John A. Burns School of Medicine**

Vice President McClain requested that the Board approve the establishment of the Department of Native Hawaiian Health in the John A. Burns School of Medicine, UH-Mānoa.

The John A. Burns School of Medicine (JABSOM) is the only accredited medical school in the central Pacific and is committed to its goal of improving health care standards for the citizens of Hawai‘i and the Pacific region. JABSOM also maintains an active role in supporting research, and educational and service programs in the Pacific Islands and Okinawa. The School is currently organized into five administrative units, six basic sciences departments, seven clinical departments, a department of Allied Medical Sciences, and a department of Public Health Sciences and Epidemiology.
Based on an explicit recognition of Hawaiʻi’s unique geographical location and ethnic and cultural diversity, the creation of a new clinical Department of Native Hawaiian Health is proposed. The proposal is consistent with the goals of the recently adopted Mānoa Strategic Plan. By virtue of its interest, location, and expertise, JABSOM is ideally situated to become the world’s foremost authority in the investigation of the health care status of Native Hawaiians. A growing recognition at the federal level that a serious health care problem exists in the United States relative to the disparity in health care status of minority groups has led to specific legislation providing new federal agencies and extensive new federal funding designed to investigate and ameliorate the problem of disparities in health care status. A number of Hawaiʻi’s population groups, notably Native Hawaiians, are known to suffer disproportionately from many diseases and conditions. In addition to issues of disparate health care status, Hawaiʻi has a unique cultural heritage and tradition of healing practices.

As the only homeland for Native Hawaiians, Hawaiʻi’s medical school can make a significant contribution to the state by helping to answer, through hypothesis driven research, the many questions raised by the poor health care status of the Native Hawaiian community and many of Hawaiʻi’s other ethnic groups. JABSOM can also help to educate the community and its health care providers about the factors influencing the health of Native Hawaiians. If JABSOM does not embrace this challenge, no other medical school will and the health care status of Hawaiians will not improve.

The mission of the new department would be to establish an academic center of excellence aimed at optimal health and wellness for all Native Hawaiian people through research, education, and quality health care service. To achieve this mission, the program in Native Hawaiian Health has already enlisted the involvement and support of several stakeholders, both internal and external to JABSOM and the University. The Queen’s Health Systems has been a key supporter of this effort, providing $5 million over the next five years.

Other existing programs in JABSOM will be organized under the new department. These highly successful programs include the Imi Hoʻola Program, which has provided opportunities for disadvantaged students, many of them Native Hawaiians, to pursue careers in medicine for over 30 years. The new department would also include the Native Hawaiian Center of Excellence, a federally-funded program that seeks to improve the health care status of the Hawaiian community through educational initiatives. Both the Imi Hoʻola Program and the Native Hawaiian Center of Excellence are currently located in the Dean’s Office.

The creation of the new Department of Native Hawaiian Health is the first phase of a larger reorganization that is being planned for the School. As the other plans are finalized, those proposals will be submitted to the Board of Regents for approval. The creation of this new department is proposed at this time to allow the
School to fully contribute to improving the health care status of Native Hawaiians and to capitalize on funding opportunities as soon as possible.

The reorganization proposal will result in the reassignment of four existing positions within the School to the newly-created department. Three instructional positions will be reassigned from the Dean’s Office and an existing Account Clerk will be reassigned from the Office of Fiscal and Administrative Affairs. The dean notes that the FTE and resources to support these positions have been committed and are available. Therefore, this reorganization will not require any additional University resources.

The creation of this new department will result in increasing resources and providing new positions for JABSOM and the University. A notable example is the recent commitment from the Queen’s Health Systems to provide up to $1 million a year for five years to support efforts in the area of health care for Native Hawaiians, noted above. In addition, the newly-created Myron “Pinky” Thompson Endowed Chair of Research, which was approved by the Board of Regents on June 20, 2003, will be located in the proposed department. The endowed chair is funded by a three-year grant from the National Institutes of Health.

The Hawai‘i Government Employees Association and the University of Hawai`i Professional Assembly were contacted about the proposed reorganization. Both have indicated that they have no objections to the proposal.

Regent Nunokawa moved to approve the proposed reorganization of the John A. Burns School of Medicine, establishing the Department of Native Hawaiian Health subject to the Regents’ policy on provisional academic programs, as presented in President’s Memorandum No. 23 (Agenda), Item A-9, dated October 17, 2003. Regent Tatibouet seconded the motion which was unanimously carried.

**Increasing Student Activity Fees at the University of Hawai‘i at Hilo and Hawai‘i Community College**

Chancellor Tseng and Interim Chancellor Daniel requested that the Board amend its policy on student fees, authorizing an increase in student activities fee for all students at the University of Hawai‘i at Hilo and Hawai‘i Community College, regardless of credit load, effective Spring 2004.

The University of Hawai‘i at Hilo and Hawai‘i Community College are undergoing major changes as they develop as public institutions in the University of Hawai‘i system. As academic programs are advancing, there is also significant pressure and need to enhance co-curricular and out-of-classroom learning experiences for students. The proposed student activity fee increases will be used for activities such as social events, educational programs, concerts, general student activities, programs, leadership development programs, service learning, intramural and club sports programs, and enhance campus media, including the campus
newspaper. The funds will also allow both campuses, acting in partnership, to advance new student activities such as a recently created academic journal and the campus radio station. In general, the fees will be used to enhance the quality of student life for students at the University of Hawai‘i at Hilo and Hawai‘i Community College.

This proposal is being jointly advanced by the student leadership of the University of Hawai‘i at Hilo and Hawai‘i Community College and is endorsed by the University leadership on both campuses. Over 70% of the classes attended by Hawai‘i Community College students are located on the University of Hawai‘i at Hilo campus and Hawai‘i Community College students are also housed in the UH Hilo residence halls. The student bodies from both campuses share the Campus Center, the student newspaper, selected student services, intramurals and sports programs, radio station, and many other activities and programs. The student activities on both campuses are funded from a similar fee structure. The students and their organizations from both campuses often work in concert with each other. Students from both campuses are welcomed in all student activities, organizations, and initiatives. For this reason, both campuses, acting in partnership, are requesting the student fee increase.

UH Hilo and Hawai‘i Community College have some of the lowest student activities fees in the nation as compared to other two and four-year institutions. As tuition has risen over the past 15 years to address for inflation, student activity fee increases have not kept pace. Student activity fees at the University of Hawai‘i at Hilo and Hawai‘i Community College have remained the same since December 1987.

Both campuses are in a period of substantial change. There is a great need for expanding co-curricular initiatives as well as adding other activities that are part of contemporary student life on most university campuses. There are special needs to enhance publications and media to help bring the expanding campuses together in a common sense of community. The student associations representing both campuses have expanded in terms of programs, activities, and special services for students. There are great needs for services and programs in the Campus Center to meet the needs of students from both campuses. The intramural and recreation programs are facing great demands for expansion to accommodate more students that are interested in recreation and leisure time activities. All of these reasons, plus strong student support, build a strong case for increasing the student activities fees at this time.

The proposed changes and fee increases will be focused on five student activity sectors. The Student Publications Fee will fund student publications, and arts and literary activities such as the campus newspaper, literary and academic journals, the student journalism symposium, the student handbook and the campus radio station. The Student Activities Fee will be used to fund events, programs, and social activities such as dances, concerts, movies, speakers, spirit weeks, and
support for recognized student organizations. The Student Association Fee will be used to fund the student governments from both campuses including the activities and services for students such as student government operations costs, club events, student caucus activities, events co-sponsored with academic departments, services and programs involving diverse students including non-traditional, first generation, and disabled students. The Campus Center Fee will be used to support various programs, services, and activities provided for students from both campuses by the Campus Center such as student leadership development training, retreats and workshops, conflict resolution and mediation, advocacy training, and community service. The Recreation Fee will be used to fund recreation and leisure activities for students from both campuses such as intramural sports, club sports, Campus Center game room, and outdoor leisure activities.

Currently, on both campuses, the student activities fee and the student government fee are both assessed at a rate of $1 per semester hour up to a maximum of $10 each per semester. The publications fee is assessed at a flat rate of $5 per semester. This system often causes confusion and misunderstanding. The student fees being proposed at this time will be assessed at a flat rate for all students on both campuses. This method of funding student activities is used commonly throughout the nation. It should also be noted that students, regardless of the number of credit hours taken, on most campuses, tend to use services and attend programs at about the same rate. Effective Spring of 2004, student activities fees would increase from $25/semester to $50, increasing to $56, $62, and $67 in Fall 2004, Fall 2005, and Fall 2006, respectively.

During the Spring semester, 2003, student leaders from the University of Hawai‘i at Hilo and Hawai‘i Community College initiated the proposal to increase student activities fees for both campuses. During the remainder of the Spring semester and into the Fall semester, 2003, there has been extensive and wide-ranging discussions about the proposal on both campuses.

A campus-wide petition drive was conducted and gathered over 200 supportive signatures. Flyers, posters, and table tents have been widely distributed on both campuses explaining the proposal and encouraging students to attend the public hearing to speak out on the topic. The campus internet student radio station broadcast information daily, Ke Kalahea, the newspaper for both campuses, has printed articles on the proposal and has invited students to the public hearing.

The governing councils of The Board of Student Publications, the Student Activities Council, and the Student Senates of both the University of Hawai‘i at Hilo and Hawai‘i Community College, have unanimously passed supportive resolutions.

Finally, a public hearing was conducted to hear testimony on September 8, 2003, at noon on the Library Lāna‘i. Seven students, one program coordinator, and one faculty member testified. Testimony was supportive of the proposed fee increases. Several students gave suggestions on how the fees could be used and
one specifically encouraged student leaders to support programs targeted at commuter students. In general, the dialogue, discussion, and debate were favorable and in support of the Board of Regents approving the proposed student fee changes.

Regent Hong questioned whether University of Hawai‘i system administration monies are being made available to other campuses besides Mānoa for such activities as the new students’ orientation programs. Vice President Ching responded that there is no uniform systemwide policy on this. Regent Hong asked Vice President Ching to prepare a report on how the administration could financially assist the other campuses in student activity fees.

Chairperson Lee stated that several students had expressed that a part-time student should not have to pay the full fee. She suggested that the proposal be amended so that a student taking four credit hours or less will pay one-half of the student fees charged to all other students.

Regent Kakuda moved to amend the Board of Regents’ policy on student fees authorizing an increase to student activities fees for all students at UH-Hilo and Hawai‘i Community College as presented in President’s Memorandum No. 23 (Agenda), Item A-10, dated October 17, 2003 and modified by including Chairperson Lee’s proposal on students taking four credits or less. Regent Kurisu seconded the motion which was unanimously carried.

Regent Hong asked that Chancellor Tseng and Chancellor Daniel report back to the Board when their internal policy on student fees is instituted. He further reminded the administration of its assurance to the Board that students enrolled concurrently at both the University of Hawai‘i at Hilo and Hawai‘i Community College would not be assessed the activity fee twice.

**Gifts, Grants, and Contracts**

Vice President McClain reported that during the period July 16, 2003 through September 15, 2003, the University of Hawai‘i system received a total of $63,480,346 in research and training grants. The University of Hawai‘i at Hilo received $2,272,951 during the period July 1, 2003 through September 15, 2003.

Regent Kurisu moved to accept with thanks the gifts and grants and ratify the actions of the administration in executing the necessary contracts, as presented in President’s Memorandum No. 23 (Agenda), Item A-11, dated October 17, 2003. Regent Bender seconded the motion which was unanimously carried.

**Appointments, Changes in Appointments, Leaves of Absence, Promotion, Tenure, Waivers of Minimum Qualifications, Emeritus Titles, Shortening of Probationary Period, Salary Adjustments, Position Actions, Classification and Pricing**
UNIVERSITY OF HAWAI‘I AT MÔNAU

Executive

MOUGINIS-MARK, PETER
Acting Director
Hawai‘i Institute of Geophysics & Planetology
School of Ocean and Earth Science and Technology
September 1, 2003 - June 30, 2004 or until the return of the Director, whichever is sooner.

Emeritus

DE LA PENA, RAMON
Agronomist
Natural Resources and Environmental Mgmt
College of Tropical Agriculture & Human Res.

MARSELLA, JOY ANN
Professor
English
College of Languages, Linguistics and Literature

MOBERLY, RALPH M.
Professor
Geology and Geophysics
School of Ocean and Earth Science and Technology

REID, LAWRENCE A.
Researcher
Linguistics
College of Languages, Linguistics and Literature

SHIBATA, SHOJI
Professor
Pharmacology
John A. Burns School of Medicine

SMITH, STEPHEN V.
Researcher
Oceanography
School of Ocean and Earth Science and Technology
COMMUNITY COLLEGES

Emeritus

CLEMENTS, ROLAND
Professor, CC
Radiological Technology
Kapi'olani Community College
Regent Lagareta moved to approve the appointments, changes in appointments, leaves of absence, promotion, tenure, waiver of minimum qualifications, emeritus titles, shortening of probationary period, salary adjustments, position actions, classification, pricing as recommended. Regent Tanaka seconded the motion which was unanimously carried.

**Resignations and Retirements of Board of Regents’ Appointees and Civil Service Employees**

The list of resignations and retirements of Board of Regents’ appointees and retirements of Civil Service employees was presented for information. (The list of resignations and retirements is presented in President’s Memorandum No. 23 (Agenda), Items C-1 and C-2, dated October 17, 2003.)

**IV. ORAL REPORT OF EXECUTIVE OFFICER**

President Dobelle introduced Mr. Fred Dela Cruz, the recipient of the President’s Award for Excellence in Building and Grounds Maintenance for 2002-2003. This award honors employees in the University of Hawai‘i system who exhibit
dedication and sustained superior performance in a maintenance, landscaping, custodial, shop, or trucking position.

Chancellor Tseng thanked the President and the Board for their support. She stated that the University of Hawai‘i at Hilo (UHH) administration, faculty, staff and students are all engaged in improving the student experience. She said that UHH is moving forward with an invigorated grants and contracts program. She also reported that UHH received the USA Today Academy Achievement Award.

Chancellor Daniel reported that the programs at Hawai‘i Community College provide access to training and educational opportunities, and support local economic development initiatives. Some of the opportunities at HCC include health care, nursing, educational services, and construction. In addition, there are programs such as the Forest TEAM, funded by a grant from the National Science Foundation; Town Meeting which originated in the experimental HCC class in higher education entitled “Reclaiming Communities: Restorative Justice for Hawai‘i Island”; and the Model Home Project which involve trade programs which are the only programs in the Community College System that has successfully taken on a project of this complexity. The Model Home Project is currently in the initial stages of constructing the 37th model home for the Department of Hawai‘i homes. Presenting their projects were: Gene Harada, Associate Professor of Carpentry - Model Homes; Trina Nahm-Mijo, Professor in Psychology and Liberal Arts Unit Chair - Town Meeting Project; and Fred Stone, Associate Professor of Science - Forest TEAM.

V. OTHER OR NEW BUSINESS

Turnkey Development Agreement with Kulamalu Science

Regent Kurisu reported that the Board had authorized the administration to enter into a turnkey development agreement with Kulamalu Science under which Kulamalu would:

1. Plan, develop, and construct an office and laboratory facility for the Institute of Astronomy at a commercial subdivision at Kula, Maui;

2. Upon completion of the construction, convey the facility and the underlying land to the University; and

3. Grant the University an option to purchase an adjoining lot for future expansion.

At its July meeting, the Board was informed that the total project costs would be approximately $7.5 million and the facility would consist of approximately 17,000 square feet. Following the July meeting, the administration continued to negotiate and refine the specific details of the development agreement. The most current
numbers in the development agreement now estimate to be $7,868,390 and the plans envision only a 15,900 square foot facility. The Regents questioned whether the project as now detailed would result in the facility envisioned and authorized by the Board. It is the Board’s fiduciary responsibility to give authorization and guidance to the administration. He also said that development projects such as this require timely and specific decisions and that Board authorization must allow for some flexibility to accommodate inevitable changes in a project as complex as the one proposed.

In light of these concerns and the Board’s fiduciary duty, Regent Kurisu moved that the Board:

1. Reaffirm the value of the project to the University;
2. Direct the Director of Capital Improvements to convey the commitment of the Board and the Board’s vision of this project to the developer and negotiate a best and final proposal from the developer to meet the needs of the IfA;
3. Appoint Regents Tatibouet, Yamasato and Kurisu to serve on a negotiating subcommittee to advise and direct the further negotiation toward the best and final proposal;
4. Direct the Director of Capital Improvements to submit the best and final offer to the Chair of the Board, accompanied by a financial plan if additional funds are needed;
5. Authorize the Chair, upon the advice of the Regents’ subcommittee, to enter into final development or bring the best and final proposal back to the full Board for consideration;
6. If a final development agreement is reached, extend the authority of the Regents’ negotiating subcommittee and the Chair to make similar decisions during the term of the development agreement for decisions such as acceptance of construction proposals and notice to proceed; and finally
7. To direct the Director of Capital Improvements provide status reports to the full Board as major project milestones are reached.

Regent Tanaka seconded the motion which was carried by majority vote. Regent Hong voted in opposition to the motion.

Chairperson Lee announced the appointment of the following subcommittees:
1. **Subcommittee to monitor and evaluate the development and organizational structure of the Kakaako Biomedical Research Center.**

   Chair: Regent Kurisu  
   Members: Regents Nunokawa and Tanaka.

2. **Subcommittee to study student housing operations.** The subcommittee’s charge would include examining long and short-range planning, space availability, and management.

   Chair: Regent Tatibouet  
   Members: Regents Kakuda, Yamasato and Tanaka.

3. **Subcommittee to evaluate the use of university-owned property by external organizations.**

   Chair: Regent Kurisu  
   Members: Regents Bender and Nunokawa.

**V. ANNOUNCEMENT**

**Next Meeting**

Chairperson Lee announced that the next regular monthly meeting of the Board of Regents would be held on November 21, 2003 at 8:30 a.m. at Kaua‘i Community College. She thanked Chancellor Tseng and Interim Chancellor Daniel and the faculty and their gracious hospitality, the meals, and the reception. She also thanked the students and student leaders for their dynamic participation at this meeting and their commitment to their campuses.
VI. ADJOURNMENT

There being no further business before the Board, the meeting was adjourned at 12:37 p.m.

Respectfully submitted,

David Iha, Executive Administrator and Secretary of the Board