MINUTES
UNIVERSITY OF HAWAI'I BOARD OF REGENTS’ MEETING
October 26, 2007

I. CALL TO ORDER

Chairperson Allan Landon called the meeting to order at 9:31 a.m. on Friday, October 26, 2007, at the Kaua‘i Community College Performing Arts Center, 3-1901 Kaumualii Highway, Līhu‘e, Hawai‘i 96766.

Regents in attendance: Chairperson Allan R. Landon; Vice Chair Andres Albano, Jr.; Byron W. Bender, Ph.D.; Michael A. Dahilig; Ramón de la Peña, Ph.D.; Marlene Hapai, Ph.D.; and Ronald K. Migita. Excused: Kitty Lagareta.

Others in attendance: Acting President John Morton, Ph.D.; Vice President for Academic Planning and Policy Linda Johnsrud, Ph.D.; Vice President for Administration Sam Callejo; Vice President for Budget and Finance/Chief Financial Officer Howard Todo; Vice President for Legal Affairs and University General Counsel Darolyn Lendio, Esq.; Interim Executive Administrator and Secretary of the Board Presley Pang, Esq.; and others as noted.

II. CAMPUS PRESENTATION

Kaua‘i Community College Chancellor Peggy Cha welcomed the Regents to the campus, and acknowledged Diane Shaw, director of the Small Business Development Center.

Chancellor Cha addressed system partnerships and collaborations. She explained that Kaua‘i County has fewer adults with baccalaureate degrees than the state average and more adults without a high school diploma. Because of its relatively small population, it is difficult for the Community College to justify full-scale resources. To meet these needs, the Campus collaborates with other parts of the University system and develops and relies on internal and external partners to tap into these other resources. Kaua‘i has similar needs as other campuses, but they are relatively small needs. The needs are best addressed by working together.

One example is the University Center, which draws on resources of UH Mānoa, Hilo, and West O‘ahu. There were 97 students enrolled in baccalaureate classes last spring. Programs in partnership with other community colleges are also offered, such as Kapi‘olani’s Emergency Medical Technician and Hawai‘i’s Substance Abuse Counseling Certification.

External partners include career pathways programs such as the photonics alliance which bring together the high schools and industry partners Boeing, Envision Engineering and Textron. Another illustration of the value of being part of a system is creating innovation at one campus and replicating the success at other campuses. The
Construction Academy is an example. The model was developed by Honolulu Community College, but is used by Kaua’i CC. Kaua’i has only three high schools and 163 students participate in the Construction Academy.

III. AGENDA ITEMS (for Information Only)

Update on the University of Hawai’i Strategic Plan (Information only)

Vice President for Academic Planning and Policy Linda Johnsrud has held public meetings at each campus to gather public input on the Strategic Plan. The projected revised Plan covers six-years from 2008 to 2015, or 3 fiscal bienniums. At the meetings, Vice President Johnsrud asks the audiences whether the goals need updating; if new or revised actions strategies are necessary; and how goal achievement will be assessed. She said that the biggest gap in the Plan is that there are no performance indicators to measure progress in reaching the goals.

Vice President Johnsrud reviewed current data that were not available in 2002 when the current Strategic Plan was formulated:

- Educational attainment is down in the U.S., compared to several foreign countries such as Canada, Japan, and Korea.
- There is a work force supply and demand gap: the number of 35–54 year olds who make up the primary work force is decreasing, while 25-34 year olds who will replace them have lower educational attainment.
- Data indicated the importance of returning adults into training and education.
- Data indicate population and geographic disparity, and were the basis for devising the “second decade project.”
- The revenue sources for public higher education are shifting.

Vice President Johnsrud focused on Hawai’i, highlighting the following:

- High school graduates are going on to postsecondary education or training at a rate of about 52 percent. The number of graduates receiving their education/training in Hawai’i is decreasing, and if they go to the mainland for higher education are not likely to return to Hawai’i.
- UH campuses are not graduating enough students at a timely rate. UH Mānoa graduates only 51 percent after 6 years, whereas benchmark institutions are at 74 percent, and peer institutions are at 68 percent.
- The national average of bachelor degrees awarded per hundred high school graduates six years earlier is 52 percent. Hawai’i is at 43 percent.
• For every 100 associate degrees produced by the Community Colleges, 61 enter the State and 76 leave the State for a net loss of 15.

• For every 100 bachelor degrees produced in Hawai‘i annually, 110 enter the State and 109 leave for a net gain of 1.

• Of 100 ninth graders in Hawai‘i, 65 graduate on time, of which 33 will enter college, 21 will enroll for their sophomore year, and 13 will graduate “on time” with an associate degree in three years or a bachelor’s degree in six years.

• Of the 2,589 students who immediately entered our Community Colleges after high school graduation, roughly two-thirds required remedial courses in English and Math.

• The need for K-12 teachers is projected to be 975 per year. UH produced 434 teachers in FY 2005-2006.

• The Community Colleges are producing sufficient numbers of LPNs; however, employers are demanding RNs. This program incurs some of the most expensive instructional costs.

• Associate and baccalaureate level students in computing and information technology are graduating in low numbers due to the high demand they are offered jobs before they complete their degree programs.

• There is a statewide shortage of MSWs. There is a demand for the BSW degree in social work, but an insufficient supply. The Dept. of Health and Human Services is hiring non-social work baccalaureates.

• Other fields of high demand and insufficient supply are hospitality and tourism, engineering, and construction.

Vice President Johnsrud addressed the importance of returning adults to education. Hawai‘i has a declining college going rate and declining number of high school graduates. The median earning in Hawai‘i increases substantially by educational level.

There is a population and geographic disparity within the state with respect to the educational “pipeline.” While the statewide average for going to a two-year campus is 21.5 percent, it is almost 30 percent in central O‘ahu but only 12 percent in West Hawai‘i and Wai‘anae. The average going rate to UH for a 4-year campus is 10.6%, but it varies from a high in East Hawai‘i of 18% to a low in Wai‘anae of 2.8%.

There is a disparity between Native Hawaiians and Filipinos and other groups. The Native Hawaiians and Filipinos are not graduating or staying enrolled in proportions equivalent to other students.

Vice President Johnsrud addressed the shift in public revenue source for higher education, noting that Hawai‘i has had a 4 percent increase in funding for the last five
years, while 43 other states experienced a decline in public higher education appropriations per FTE. However, funding for higher education competes with funding needed for K-12, health, entitlements, and prisons, and the concern is whether Hawai‘i can afford to increase public appropriations to higher education given the other demands.

The University has shifted more of the burden of the cost of instruction onto students -- in 1996 revenue from tuition was 12 percent of the total, but in fiscal 2007, tuition constituted 24 percent of the total revenues. At the same time the University is heavily subsidized by state support, relative to many other institutions.

The University will continue to look to public-private partnerships, will continue its commitment to P-20 initiative, and will focus on state needs when framing legislative funding requests.

Vice President Johnsrud highlighted Hawai‘i’s higher education needs:

• Increase the educational capital of the state—increase the number of citizens who are educated.
• Expand work force development initiatives—increase the number of older adults returning to college; expand program capacity in critical shortage areas; and partner with the DOE on career and college readiness.
• Contribute to the state’s economy by increasing external research and training funding; promote “spin-offs,” licenses, invention disclosures; address research needs specific to state and region; increase enrollment in entrepreneurship programs; and enable quick response to business and industry training needs.
• Address underserved regions and populations by increasing educational services in West O‘ahu and West Hawai‘i, and increase access, retention, and success of underserved populations, particularly Native Hawaiians.
• Renew and expand UH’s infrastructure by seeking increased state support for repairs and maintenance; developing public/private partnerships; expanding sustainability efforts; and investing in professional development of faculty and staff.

The University’s Strategic Plan has five goals:

1. Educational effectiveness and student success.
2. A learning, research, and service network.
3. A model local, regional, and global university.
4. Investment in faculty, staff, students, and their environment
5. Resources and stewardship.

At the public meetings, Vice President Johnsrud asks her audiences if they think the strategic plan’s goals sufficiently address state needs, whether the goals should be
retained or revised, and how best to measure achievement of the goals. She also has established a website that allows for comments and input, and on which she posts all of the feedback from the sessions. Upon completion of the public hearings, she will create a systemwide group to review the comments/suggestions received. Vice President Johnsrud expects to present the findings to the Board in Spring 2008.

Regent Migita commented that it seems to be a challenge to reach the public on this subject. He asked how the public responded at these meetings. Vice President Johnsrud responded that people generally feel that the broad goals are good. Some comments concerned action strategies that are specific to a particular campus rather than systemwide.

Vice President Johnsrud suggested that it might be more effective to have goals and objectives in the system plan but delete the action strategies, leaving it up to the campuses in their strategic plans to formulate the action strategies. The public has trouble understanding what action strategies mean. Other comments have been more specific, such as the emphasis on international and Native Hawaiians, and whether information technology is a means to an end or an end in itself.

Regent de la Peña asked how we can attract more baccalaureate students if we cannot provide the space, such as the nursing program. Vice President Johnsrud responded that this is an issue in the nursing program because hiring faculty is difficult, and the nursing program is the most expensive program to maintain. But the nursing shortage will not be resolved if nurses trained on O‘ahu don’t choose to work on the Neighbor Islands.

Regent Dahilig asked how aggressively does the System terminate or modify programs that do not meet our current needs and transfer the resources to higher need or demand areas. Vice President Johnsrud replied that the System relies on a review process by the chief academic officers, and leaves the terminations of programs to the campuses. Regent Dahilig observed that over the last few years, the Board has approved new programs and only a few terminations. Our resources are stretched while we’re trying to produce more people for our work force. He felt that the System should take on this responsibility, rather than the campuses.

Acting President John Morton clarified that there is a Board policy on program review. However, campuses are not rewarded for terminating programs; they continue to receive funding based primarily on last year’s appropriation regardless of the number of students in the various programs. As the University starts moving toward very explicit benchmarks, rewards can be tied to what the state wants the University to accomplish.

Chair Landon commented that from a business perspective, if the pruning is left to the lower business units, it almost never happens. When a dictate is a corporate goal, it seems to have greater importance. When the instruction is tied to the compensation or reward system, it seems to anchor itself into the system.
Vice President Johnsrud responded that in the 1990s, we tried not to terminate programs and lose people. We are paying for that now because money was taken out of repair and maintenance to retain staff.

Regent Hapai asked if the University plans to talk to high school students as to what they perceive their needs are. Vice President Johnsrud replied that GEAR UP and the American Diploma Project have increased the University’s contact with the high schools. Vice President Johnsrud has made herself available to anyone and works closely with these projects.

Recess was taken from 10:45 to 10:57

Medium Term Financial Plan (Information only)

Acting President Morton explained that the 2007 Legislature passed two resolutions asking the University to look at its long-term financing and to look at performance measures and how those might be related to financing. Vice President for Budget and Finance/Chief Financial Officer Howard Todo has been responding to the legislative resolutions and presented his assessment.

Vice President Todo said that the current Strategic Plan lacks the funding components: how much funding is needed, the level of funding, and the types and appropriate mix of funding. A financial plan is needed for the Strategic Plan because it doesn’t have quantified goals and it does not have a financial plan to achieve those goals. Vice President Todo felt that a medium-term financial plan is needed to tie in to the Strategic Plan and achieve its goals.

Vice President Todo described how public higher education receives its funding. Tax revenue from the state goes into the higher education budget in the forms of student financial aid and direct appropriations and grants. Another source is the economy, which provides income used by students to pay their tuition. The federal government also provides funding via research and other types of grants, as well as aid to students. Public higher education is also supported by gifts from donors, foundations, and corporations.

State funding for the University has decreased from 9.2 percent of the state general fund 2000-2001 to 8.1 percent in 2006-2007, which translates to a cumulative loss of about $219 million if the share were held constant at 9.2 percent.

Chair Landon asked what the growth rate was in dollars appropriated. Vice President Todo responded that it was slightly in excess of the inflation rate.

Vice President Todo examined revenue and appropriations per FTE for Hawai’i versus its peer and benchmark institutions; Hawai’i tracks and is slightly above the national average of revenue per FTE for public universities, but has a higher proportion of appropriations and a lower proportion of tuition and fees.
The University’s revenues are greatest from state appropriations, followed by contracts and grants, then tuition and fees. Instruction is funded by state appropriations, tuition and fees. Federal contracts and grants are earmarked for research.

Regent Dahilig commented that this conclusion is based on FY2005-2006, and asked what would be the percentage of revenue per FTE contributed by tuition when the six-year tuition schedule is fully implemented.

Vice President Todo responded that the intent of the six-year tuition and fee increases is to get the University to the average tuition and fees for peer institutions. It is estimated that the tuition and fee revenues will be about 35-40 percent. The other variable in calculating relative proportion is future appropriations.

Vice President Todo said that the right level of funding for the University depends on what we want to achieve. Most businesses have a goal to maximize profits. In public higher education, the goal is to maximize performance; you need to operate like a business, but you have a limited source of funds, a large part of which is set for two years because it’s based on appropriations.

As part of the biennium budget process, discussions have been held on goals for increasing education capital at the state level, such as a 3 percent increase per year of degrees and certificates earned.

Chair Landon commented that the population growth in a target population segment must be taken into account, so the more specific goal should be to increase the percentage of the target age group that obtains degrees rather than just the overall percentage increase in the number of degrees granted.

Acting President Morton clarified that to address the state’s work force needs, we have to get the undereducated and underemployed adults returning to the University to earn degrees.

Vice President Todo summarized that there are several different measures that can be used to assess performance. Chair Landon noted that you tend to get what you measure. This is the first time the University has attempted to identify specifically how we measure success, and it will be a challenge.

Regent Hapai suggested keeping track of the time it takes to attain a degree.

Another possible goal offered by Vice President Todo is to increase the number of Community College transfers to baccalaureate programs.

Vice President Todo said that the National Governors Association has an initiative on higher education compacts, which would be agreements between the legislature, the governor, and the institution to define goals and to agree on who is going to do what.

Vice President Todo has surveyed other institutions’ long-term financial plan. So far, only 1 state out of 19 has a long-term plan. He described various state plans, and said that each state has to develop its own plan.
Vice President Todo said that some of the challenges result from a budget appropriation system based on program change requests (PCRs). New funding must be requested from the Legislature via PCRs. This encourages creation of new programs, rather than deletions—if you cut a program, your funding is reduced.

Another challenge is that the state budget system appropriates not only funds but also controls positions. Unless a position count is appropriated, the University cannot fill an employment need on a permanent basis.

Vice President Todo is considering a simple plan such as base funding for operations, whereby funding levels are based on benchmark and peer institutions. There would also be funding for capital asset and repair and maintenance, and an incentive fund to achieve initiatives. However, we need to have operational flexibility for the effective use of the funds, as well as a joint commitment between the University, the Legislature, and the Governor.

Vice President Todo recommends that the Strategic Plan be first put in place; then the University creates the biennium budget to support the Plan.

Regent Migita noted that the UH is the only public institution of higher education in the State, unlike other states. The University has a significant impact because of this position. Vice President Todo concurred.

Chair Landon commented that the University should provide to the Legislature a conceptual structure that would then invite comment from the Legislature. This feedback would then be used to format the plan and drive further internal discussion among Board and the Administration. The legislative resolutions provide a good opportunity to further the development of the Strategic Plan.

Regent Hapai said that it’s not just the money, but other variables need to be measured to get us to where we need to go.

Vice President Todo responded that it will be difficult to make a funding scheme work because the University has to deal with PCRs and position controls, which are part of the state system.

The Board recessed for a lunch from 11:45 a.m. to 12:45 p.m.

John A. Burns School of Medicine (JABSOM) Kakaʻako Update (information only)

Interim JABSOM Dean Gary Ostrander provided an update on the School’s progress through a slide presentation. JABSOM was established as a two year program in 1967 and expanded to a four year program in 1973. About 1,800 students have graduated from JABSOM. In 2000 a decision was made to make JABSOM a research-intensive medical school. JABSOM differs from all other medical schools in the nation because of its focus on Asia-Pacific.
There are currently 771,891 doctors in the nation. In the next 8 to 12 years, there will be a shortage of between 80,000 and 200,000 doctors. The AAMC has said that they wanted all medical schools to increase their class sizes by 30 percent. This is not easy to do when you are a community-based school and one of 7 that do problem-based learning.

Admission to JABSOM is competitive; JABSOM receives almost 2,000 applicants for 62 slots. Ninety percent of the students are Hawai‘i residents. There are 12 residency programs. The Geriatrics program is nationally ranked at number 12 in the country. Going forward, the opportunity to focus on tropical infectious diseases or pandemics will make JABSOM unique.

Dean Ostrander said that although overall research is going down nationally, the drop in research funding at JABSOM is not as large as was reported in a recent newspaper article. JABSOM is doing well in light of the awards and contracts received.

The clinical environment is significant because JABSOM does not have a teaching hospital, like most other medical schools. JABSOM relies instead on partnerships with affiliated hospitals, as well as fee for service established via UCERA, University Clinical Education and Research Associates. General medical education, primarily for the residency programs, is funded through a consortium, where hospitals provide about $9 million in direct support, and Medicaid/Medicare also provide funding.

Clinical reimbursement is a problem, with insurance companies not fully reimbursing costs. Also, JABSOM believes it has a responsibility for health care in the state because it is the only medical school in the state. JABSOM handles many indigent patients and does not expect significant reimbursement.

Dean Ostrander described the School’s clinical services via UCERA, which is a 501(c) (3) not-for-profit corporation. This operation, which started with psychiatry, surgery, OB-GYN, has grown tremendously rapidly with internal medicine, geriatrics and Native Hawaiian health. Revenues in 2004 were about $5.5 million. In 2006, they were $21 million. However, the operation is not yet at the point where it’s returning revenue to the School, unlike other schools that can generate 20 to 30 percent of their budget from revenues from the practice plan. The plan is about break-even or even a little in the red. The revenues are used primarily to cover practice overhead and physician salaries.

Chair Landon asked where the increased revenues have gone. Dean Ostrander explained that as revenues increased, so has the infrastructure. There are more departments and staffing to fund, including information technology, insurance coders, fiscal officers, and collections staff. There is a large difference between the amount that can be billed, and the amount that is actually collected. When Dean Ostrander came to JABSOM, its collection rate for OB-GYN was around 12 percent, but the national average was 47 percent. It is currently about 25 percent. There are about 100 doctors who could be part of the practice plan who could bill at a significant level, some at a million dollars a year. Currently, JABSOM has only 5 doctors in the practice plan. The chairwoman of Queen’s Health System believes that JABSOM’s practice plan could be a $200 million a year operation some day, since 60 percent of the doctors in Hawai‘i are part of JABSOM.
Chair Landon commented that the issue is the number of physicians participating as opposed to the amount per physician on average. Dean Ostrander responded that the practice plan has been growing so rapidly that JABSOM hasn’t been able to keep up with the infrastructure—they’re not billing as well as they should.

When asked by Chair Landon if revenue equaled collections, Dean Ostrander responded “absolutely not.” Chair Landon asked if the clinic is of sufficient size to warrant an administrator. Dean Ostrander responded that they have had two CEOs in the past, and are currently searching for a COO, with one very impressive candidate. He is on a current short-term contract, and so far has worked out very well. At this point, everything appears fixable, and he anticipates a 15 to 18 month turnaround on billing, collecting, coding, and other fiscal operations.

Chair Landon commented that if you’re going to run a business to benefit the medical school, then running it like a business is probably a good thing to do, which Dean Ostrander concurred. He noted that the practice plan can return significant revenue to JABSOM, and because practice plans typically have a “Dean’s Tax” a portion of the revenue can be discretionary. Currently, the practice plan does not generate sufficient revenue to support such a levy.

Dean Ostrander emphasized the School’s involvement with the community through health education to the schools, research partnerships with organizations, unreimbursed patient care to vulnerable populations. JABSOM’s doctors spend Tuesday evenings at the homeless shelter and have informally adopted the shelter as part of its community mission.

JABSOM is a leader in diversity both in its student body and faculty—it has more women department chairs than any other medical school in the nation, and more women students than men students. Ethnically, JABSOM is diverse.

Dean Ostrander said that the School’s original vision of transforming it from teaching and service to research-intensive, was done under the assumption that there would be a return of 35 percent on the indirect costs such as utilities and grants management (for example, $350,000 would be paid to the University for every $1,000,000 award for a research grant). However, because of the formula for calculating the indirect costs and the various exclusions, that full 35 percent is never awarded. This is a fundamental problem.

Dean Ostrander described other challenges the School faces. He recounted that an earlier decision was made to opt for a “no growth” scenario instead of a “continuing growth” scenario which envisioned 20 additional positions. Under the no growth scenario, JABSOM received all of the indirect costs it generated for at least two years. This commitment regarding the indirect costs was met, yet there was still a substantial depletion of the reserves. In addition, when Dean Ostrander was placed into JABSOM in September 2006, he verified the commitments made to the faculty by prior administrations. Such commitments which have yet to be met include 25-30 FTE faculty; $5.6 million in one-time start-up; $1.5 million continuing funding for staff; space; $10 million on private donations for a genetics institute. Administration is understaffed.
There are also some accreditation issues. Although the School is accredited, there are 7 of the 130 standards that must be dealt with. The next site visit is January 2009.

Operational costs in Kaka‘ako is currently $8 million. JABSOM must pay its own electrical bills and security.

Federal funding, primarily National Institutes of Health, has decreased.

Although there is a new, higher rate of 55 percent for facilities and administration coverage which will be phased in over the next two fiscal years, the new rates do not apply to any current grants, which still operate under the 35 percent return. Even with the increased rates, the concern here is that the rate of increase for operational expenses such as electricity is higher than 55 percent. Also, JABSOM has roughly equal proportions of research and training grants, but the overhead rates do not apply to training grants. The rates apply only to research grants. The total overhead return for JABSOM from 2000 to 2006 was, on average, a single digit, and as low as 6 percent.

Originally the commitment of the state’s share of the master tobacco settlement was that JABSOM would receive the lesser of 28% of the annual settlement payment or the amount required for debt service on the bond used to construct the Kaka‘ako facility. Under the current legislation, the School will receive a fixed 28%. The tobacco settlement is predicted to increase which may result in an additional $4 million per year for the next four years.

Dean Ostrander discussed the School’s projected operating budget, summarized projected expenditures, and provided estimates of tuition revenues. He noted that JABSOM actually received more than 100% of the RTRF funds it generated because it was also receiving research overhead funds for operations that were primarily for JABSOM, such as lab animal services. RTRF funding will reduce from 100% to 0% starting FY 2008.

Although the spreadsheets depict an operating surplus starting FY 2007, those anticipated funds will be used by the new dean for faculty start up costs and to hire middle management. Two new faculty members will need to be hired to meet the LCME accreditation standards. Personnel costs will erode the projected surplus. Dean Ostrander had frozen hiring in 2006. Portions of any surplus and carry forward balances will be used to fulfill prior RTRF commitments when the new dean is hired.

To sum up, Dean Ostrander noted that the operating deficit is under control. There are prior commitments that must be met and are being reviewed and updated. Dean Ostrander implemented a zero based budget, meeting with every department to figure out what they do and what they need. Rising electricity costs are a problem. Dean Ostrander has authorization hiring for the accreditation projects and for tropical infectious disease. Research revenues will probably decrease; indirect cost recovery will lag behind for a couple of years.

Dean Ostrander has created a temporary middle management team to handle their clinical translation service award (CTSA), the biggest grant that JABSOM will probably ever receive. He said that it is imperative that JABSOM gets this grant. They
were funded for the first cycle, and it is anticipated that they will receive continued funding. JABSOM hired a full time development officer. Dean Ostrander moved several faculty members to the Dean’s office to oversee education related issues, grants management, admissions, residency programs. At some point the nursing and public health units and the cancer research center need to be addressed.

Regent Hapai asked if the tuition from undergraduate teaching balances with the faculty salary. Dean Ostrander responded that most of the undergraduate teaching is done by senior faculty and not by physicians or active researchers. He intends to require all physicians and researchers to teach undergraduate courses.

Dean Ostrander explained that the original JABSOM Phase II called for a new building, similar to the existing research building, to be located on the existing parking lot on the other side of the campus. The University retained a developer for JABSOM Phase II to keep the negotiations with HCDA for the ground lease and development agreement for the Cancer Research project moving forward. Currently, although there is a developer (Townsend, the current developer for the Cancer Research project), there are no plans and no funds to build JABSOM Phase II or a new research building at this time.

In response to Regent Albano’s query, Dean Ostrander said that the developer, Townsend, can be retained indefinitely because they understand what is happening and why.

In response to Acting President Morton’s question, Dean Ostrander said that there is about 120,000 square feet of research space in the biomedical tower at Mānoa, which no longer can be used exclusively for JABSOM. The amount of space at Leahi was not available.

Dean Ostrander, in response to Chair Landon’s question, explained that faculty have lab space based on funded grants. If they cannot retain funding, they will lose their lab space. This is also a problem with inactive faculty who are taking up valuable space and are not productive. If a faculty switches from laboratory intensive research to something that does not need laboratory space, that faculty must relinquish that lab space. The desire was to move those faculty members who have active research funding to the JABSOM Kaka’ako facility. However, the Mānoa campus does not have the luxury of having underutilized space. Overall, the campus has more faculty than sufficient space. Dean Ostrander emphasized generally the deans are left to use their space responsibly and productively, and the Chancellor does not interfere unless space is really underutilized. Dean Ostrander assured the Regents that JABSOM is getting a handle on the space that is underutilized and is shifting the space to more productive uses.

Regent Migita asked if the University has someone responsible for space needs. Dean Ostrander responded that this is left to the individual deans. Vice Chancellor Cutshaw is working on a software program to track space in all buildings.
Chair Landon commented that more discussion on space assessment is needed and a resolution or sense of the Board that action be taken on space assessment and allocation in order.

Dean Ostrander described the Regional Biosafety Lab ("BSL-3") project. In 2004 the National Institutes of Health funded $25 million for the Lab, which required a cost-share from the state of $12.5 million. These funds are not sufficient to cover construction costs of build on time. Even a scaled down project would require an additional $11 million. Last spring, Dean Ostrander suggested that the University would not go forward with the project. In response NIH provided an additional $7.5 million. Hawai'i may be an entry point for SARS or bird flu or human influenza or something else. Dean Ostrander and Vice President for Research Gaines are assessing the situation. Another $2.5 million is needed from the state, and the final lab would be a much smaller, scaled down version of the original plans — from 40,000 square feet down to 12 -15,000 square feet. JABSOM would manage the facility, but it’s actually a state facility, so if we should have a pandemic, the facility reverts to the Department of Health for the duration of the pandemic.

In response to Regent Albano’s question, Dean Ostrander said that the smaller facility would cost about $15 million, or closer to $1,200 per square feet, due to the requirements that go with having a biosafety lab, such as triple redundancy, and special hardening of the walls, decontamination mechanics and air exchanges. He noted that all other RBL facilities being built are largely over budget and behind because of the special building costs.

Regarding the Cancer Research Center (CRC), Dean Ostrander said that it is a stand-alone unit, a National Cancer Institute-designated cancer research center. The Cancer Research Center aspires to be what is called an NCI-designated comprehensive cancer center. There are only 41 comprehensive centers in the country. The CRC right now is on the cusp of being able to keep just the basic designation because it doesn’t have the depth in key areas. The plan envisions a 240,000 square foot research building adjacent to the existing JABSOM Kaka'ako facility, with an additional 100,000 square foot clinical outpatient facility.

The issue is determining the most appropriate relationship for the Center and the medical school. Discussion is ongoing. Dean Ostrander recognizes that cancer is not a disease that involves just oncologists. Treatment requires cardiologists, dermatologists, nephrologists, and a host of medical doctors and other medical staff. The Chancellor and Dean Ostrander have been discussing whether the medical school and the cancer center need to be more closely linked, even having the center under the dean of the medical school.

Another issue is what is the best way to deliver cancer care to the state. There is a potential problem of the Center and Queen’s cancer center competing for the same resources.

Other questions concern very expensive radiation treatments and therapies, and medical support for patients, particularly during crises stages, which aren’t available at Kaka’ako, but are available at nearby hospitals.
In terms of the physical facility, planning is underway, but would have to follow the operational and academic decisions. Revenue from the tax on cigarettes will provide the funds to continue with the physical planning.

Dean Ostrander said that in the last six months there has been a real change and urgency on the part of the State and others to take this project to the next level toward completion. The State of Hawai’i needs an alliance of providers.

Regent Albano remarked that originally there was a vision of what the facility would look like, but the concern was securing the funding. Now it seems to be the reverse: funding is available through the tobacco tax, but the University is still wrestling with how this cancer center should operate and be governed.

Dean Ostrander concurred, saying that the original model can still work. However, he felt that we may not want to have a University comprehensive cancer center develop at the same time as Queen’s Hospital is developing its center. He is currently in discussions with Queen’s and others about the direction of a comprehensive cancer center. Dean Ostrander is also concerned about NIH funding.

Regent Albano asked if the rush to develop Phase II is due to pressure from HCDA. Dean Ostrander responded that HCDA did pressure to move on Phase II. However, they have backed off, understanding that the University will not proceed on development of Phase II any time soon. HCDA also seems to better appreciate the issues in moving the cancer center and the RBL projects forward, and understands that the University is trying to resolve those issues.

Regarding Public Health, Dean Ostrander said that the School of Public Health was scaled back in 2000 and is no longer an accredited school. The plan is to have the School re-emerge in about five years.

In summary, Dean Ostrander said that it will take about 4 years for success at Kaka’ako, then another ten years beyond that. We need to build a foundation for research, and we need to fix our clinical practice (UCERA). While we would like to see Kaka’ako develop as a Biotech Park, we don’t have the critical mass yet to develop a biotechnology park; we don’t generate the patents and the intellectual property yet. He said that medical education is changing, and we need to be responsive to that, and to the needs of the state. There is a tremendous opportunity to grow the clinical program and fund the medical school. JABSOM tries to operate in a culturally sensitive manner; it has a Department of Native Hawaiian Health and a focus on Asia-Pacific.

Regent Hapai commented that working with space issues is difficult and complex.

Chair Landon commented that the Board appreciated Dean Ostrander’s update, and his candor, and supports him as he continues to work on the future development of JABSOM.

The Regents discussed the space issue, wanting more accountability of office and research space. There are financial dimensions to the space allocation and also opportunity costs.
Chancellor Hinshaw commented that space is a major challenge at Mānoa in terms of the quality of space, as well the cyclical nature of research. You do have to give researchers some time to rebuild their research activity.

IV. ANNOUNCEMENT OF NEXT MEETING

Chair Landon announced that the next meeting will be held on November 15th and 16th, 2007, at Maui Community College.

Chair Landon mentioned that the Regents Candidate Advisory Committee is accepting applications until November 1st, and encouraged applications from the public as well as from current Regents.

V. ADJOURNMENT

The meeting was adjourned at 2:27 p.m.

Respectfully submitted,

Presley Pang, Esq.
Interim Executive Administrator and Secretary of the Board