MINUTES OF THE REGENTS' COMMITTEE ON
BUDGET & LONG-RANGE PLANNING

Date: Thursday, November 21, 2002

Place & Time: Kaua‘i Community College
Performing Arts Center
3:27 p.m.

Committee Members Present: Regents Dowling (presiding)
Ikawa
Kaneshiro
Kawakami
Kurisu
Lee
McElrath
Nunokawa
Poe
Thurston
Yamasato
Kobayashi (ex-officio)

Others Present: Evan S. Dobelle, President, University of Hawai‘i
James R. W. Sloane, Vice President for Administration
and Chief Financial Officer
Deane Neubauer, Interim Vice President for Academic
Affairs
Allan Ah San, Director, Capital Improvements
David Iha, Executive Administrator and Secretary of the
Board
Carl Makino, Executive Assistant to the Board

Approval of Committee Meeting Minutes

The minutes of the meeting of the Regents’ Committee on Budget and Long-Range
Planning held on September 12, 2002, were approved as circulated.

Subject:
1. Strategic Plan: Mānoa; Hilo; West O‘ahu; Community Colleges
3. Operating Budget Recommendations for the 2003-2005 Fiscal Biennium
4. Proposed University of Hawai’i Capital Improvements Program Budget for Fiscal Biennium 2003-2005

5. System Level Reorganization

6. Proposed Reorganization for the Office of the Vice President for External Affairs and University Relations

Strategic Plan: Mānoa; Hilo; West O‘ahu; Community Colleges

President Dobelle provided an introduction, explaining how the strategic plans were tied into the budget. Interim Vice President Neubauer then provided an overview of the strategic plans for UH-Mānoa, Hilo, West O‘ahu, and the Community Colleges.

Board policy calls for the development and approval of strategic plans for each major unit of the University. Strategic plans for the University of Hawai‘i at Mānoa, University of Hawai‘i at Hilo, University of Hawai‘i West O‘ahu, and the University of Hawai‘i Community Colleges were developed spanning the time frame, 2002-2010.

In addition to the inclusive campus preparation and review processes, the President’s Advisory Council on Plans and Priorities reviewed these plans. The administration is satisfied that implementation of these plans will carry out the goals and action strategies of the system Strategic Plan. Also, the units have worked to translate the priorities of their plans into biennium budget requests and/or longer-term financial plans. It is requested that the Board approve the strategic plans for Mānoa, Hilo, West O‘ahu, and the Community Colleges in principle with the understanding that implementation details shall be subject to appropriate Board policies, statutes, and regulations.

University of Hawai‘i at Mānoa

The University of Hawai‘i Mānoa strategic plan, Defining Our Destiny: The University of Hawai‘i at Mānoa Strategic Plan, 2002-2010, will be used to guide Mānoa’s prioritization of strategic initiatives and the ongoing development of the campus budget.

The planning process was initiated during the Fall of 2001. We began a series of campus-wide conversations about our future and our highest aspirations for Mānoa. A Listening Project was initiated which included meetings, forums, questionnaires, bulletin boards, and an interactive website for enhancing communications throughout the campus and community.

The Listening Project culminated in an unprecedented gathering on February 1, 2002 where more than 1,400 people participated in the “Defining Our Destiny: Planning Workshop.” Students, faculty, staff, alumni, parents, and members of the community came together to share their visions and ideas about how we can together improve our state’s leading institution for higher learning. Deliberations with our steering committee, working groups, and other participants resulted in this plan. This plan was reviewed by and has the endorsement of the Mānoa Faculty Senate.

The Mānoa Strategic Plan represents the aspirations of many at the University of Hawai‘i at Mānoa and the broader community intent upon making our institution a more vibrant, engaged, and connected place to study, work, and interact. In addition to articulating our mission, this plan
also contains our vision statement, our core commitments, and our strategic imperatives that we believe will help to transform our campus.

The plan is developed around seven core commitments—research; educational effectiveness; social justice; place; economic development; culture, society and the arts; and technology. The strategic imperatives enunciated for each commitment speaks to Mānoa’s vision as a premier research institution striving for excellence in teaching, research, and public service. It is an innovative institution, comfortable with change, celebrating its diversity and uniqueness as a Hawaiian place of learning.

University of Hawai‘i at Hilo

The University of Hawai‘i at Hilo Strategic Plan 2002-2010, will guide UH-Hilo’s prioritization of strategic initiatives and the ongoing development of the campus biennium budget. It establishes the directions and strategies that will guide the University of Hawai‘i at Hilo over the next eight years.

The UH-Hilo strategic plan review process has been participatory, inclusive, and ongoing, led by both the administration and the UH-Hilo Faculty Congress. The Strategic Plan Review Committee is a committee whose membership includes all constituencies, including the student body and the community. The Committee has actively sought input throughout the process, through a campus web-based survey, a survey of the public, and a number of open forums. In May 2002, campus units proposed nineteen strategic initiatives to implement the goals of the revised strategic plan.

The 2002-2010 plan is infused by a strong sense of the campus mission: “to offer quality undergraduate liberal arts and professional programs,” as well as selected graduate programs. The campus offers students “hands-on learning, service, and leadership opportunities and especially encourages close student-faculty interaction and collaboration on research projects.” Consistent with the accrediting commission’s emphasis on the centrality of student learning, the strategic plan goals emphasize educational effectiveness and institutional capacity in the service of education. At the same time, the plan has been shaped by a strong sense of commitment to the community.

The plan establishes six major goals:

I. Maintain a well-rounded mix of liberal arts and professional programs, while distinguishing ourselves by taking full advantage of the extraordinary natural environment and cultural diversity afforded by our island setting.

II. Continue to refine and strengthen efforts to fulfill our primary mission to offer high quality undergraduate liberal arts and professional programs.

III. Build a learning environment that facilitates student development and success.

IV. Obtain sufficient resources to support enrollment growth, high quality programs, and enhanced services.

V. Embrace opportunities for dynamic community involvement.

VI. Establish a more effective organization and invest in human capital.

University of Hawai‘i West O‘ahu
The University of Hawai‘i West O‘ahu Strategic Plan: 2002-2010, establishes the directions and strategies that will guide the University of Hawai‘i West O‘ahu over the next eight years.

This plan has been developed through an inclusive process that began with identifying system-wide and campus issues, proceeded through community and campus meetings to focus those issues and develop action strategies, and provided for input from student, faculty, staff, community members and other stakeholders. Development of this campus plan has also benefitted from the widespread input into the University of Hawai‘i System planning processes, which have proceeded simultaneously.

Plan preparation has been overseen by the University of Hawai‘i West O‘ahu Strategic Planning Committee, an ongoing advisory body to the Chancellor composed of campus-wide representatives.

The plan establishes five major goals for the University of Hawai‘i West O‘ahu:

- Effectiveness and Innovation for Student Success
- Facilitation for Functional Integration Across the System
- Opportunities for Global and Multicultural Education and Engagement
- Investment in Human and Physical Resources
- Capitalization on the Community as a Key Resource

Within each goal, objectives are identified. Each objective is followed by a number of more specific action strategies and resource requirements.

Although the plan provides a template for guiding the University of Hawai‘i West O‘ahu, it is anticipated that the plan will need to change and evolve as internal and external events impact the University and the campus.

Community Colleges:

The University of Hawai‘i Community Colleges Strategic Plan 2002-2010 establishes the directions and strategies that will guide the Community Colleges over the next eight years.

This plan has been developed through an inclusive process that began with identifying Community Colleges' system-wide issues, proceeded through system-wide meetings to focus those issues and develop action strategies, and provided for input from students, faculty, staff, and administrators throughout and on earlier drafts of the document. Plan preparation has been overseen by the Chancellor’s Strategic Plan Steering Committee, an advisory body composed of representatives from student, faculty, and administrative leadership from each campus. The plan establishes five major goals for the Community Colleges:

- Promote Learning and Teaching for Student Success
- Function as a Seamless State System
- Promote Workforce and Economic Development
- Develop Our Human Resources: Recruitment, Retention, and Renewal
- Develop an Effective, Efficient, and Sustainable Infrastructure to Support Student
Learning

Within each goal, several objectives are identified, as well as a number of more specific action strategies. In addition, measurable performance outcomes are identified for each objective.

Although the plan provides a template for guiding the University of Hawai‘i, Community Colleges, it is anticipated that the plan will need to change and evolve as internal and external events impact the campuses.

Following a discussion, Regent Lee moved to approve in principle the Strategic Plans for the University of Hawai‘i at Mānoa, Hilo, West O‘ahu and the Community Colleges as presented, with the understanding that implementation details shall be subject to Board policies and applicable statutes and regulations. The motion was seconded and unanimously carried.

Budget Policy Paper for the 2003-2005 Fiscal Biennium

Vice President Sloane explained that the Budget Policy Paper is required by the Board’s policy on the budget formulation process. This year the administration focused on the Strategic Plan.

The purpose of this request is to submit a recommended budget policy paper for review and approval by the Board. The recommended budget policy paper sets forth the environmental context and general policies to guide the preparation of the University’s 2003-2005 biennium budget as required by Board policy.

Section 8-3b(1) of the Board of Regents Policy requires the President to prepare and submit a recommended biennium budget policy paper to the Board for approval. The purpose of the policy paper is to “…set forth the environmental context for budget building and general program, policy and management objectives to guide the preparation of the biennium budget.”

Regent Kurisu asked for a clarification of what the policy paper basically does to the budget. Vice President Sloane stated that it would translate the Strategic Plan into budget polices.

Regent Lee moved to approve the budget policy paper as recommended for the fiscal biennium 2003-2005 with the understanding that changes must be brought back to the Board for approval. The motion was seconded and unanimously carried.

Operating Budget Recommendations for the 2003-2005 Fiscal Biennium

Vice President Sloane presented the University of Hawai‘i’s biennium budget for 2003-2005. It is requested that the Board approve the University’s operating budget recommendations for the 2003-2005 fiscal biennium. Upon Board approval, the budget will be finalized in the format prescribed by the Department of Budget and Finance and transmitted to the Governor and the 2003 Legislature for review as the Regents’ Biennium Budget Request.
The general program, policy and management objectives that guided the preparation of the 2003-2005 biennium budget are included in the document: University of Hawai‘i Strategic Plan: Entering The University’s Second Century, 2002-2010. Within this context, the attention and resources of the University system must be focused on achieving key strategic goals over the next five to eight years. The success of this endeavor will depend upon nurturing a supportive and open institutional climate to facilitate innovation and cooperation. Each site within the University will develop more detailed implementation plans to accomplish the following 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.

Consistent with the University’s Strategic Plan, the 2003-2005 biennium budget was prepared. The University will be requesting a total of $99.3 million in general funds program change requests (PCR) in the first year of the biennium and $116.7 million in the second to fund priorities such as research infrastructure initiatives at Mānoa; support for the revitalization of Hawaiian and indigenous language and cultures at Hilo; faculty and computer technology positions at West O‘ahu; and four-year programs at the Community Colleges.

In addition to general funds, PCR requests, it is expected that special funds will provide an additional $12.7 million in the first year of the biennium and $14.5 million in the second. The total PCRs for all funds would amount to $112.09 million in FY 2003-2004 and $131.3 in FY 2004-2005.

Regent Nunokawa moved to approve the recommended operating budget for the 2003-2005 fiscal biennium with the understanding that any changes to this budget shall be brought to the Board for approval. The motion seconded followed by a discussion.

Regent Kurisu asked where the funds were coming from. Vice President Sloane explained where the various funds would be derived and explained that following the appropriation by the Legislature the budget may have to be revisited in May of 2003. Regent Kurisu clarified that in approving the budget the Committee was not also approving the expenditures.

Regent Yamasato asked if there was a list of priorities for the University. Vice President Sloane stated that there were priorities but that it was premature to be brought to the Committee at this time. Regent Yamasato responded that the Regents did not agree with that since the highest priority, regardless of the Legislature’s appropriation should still remain the highest priority.

Regent Kawakami asked about the requested appropriation. Vice President Sloane stated that it would be $99 million in the first year of the biennium. Regent McElrath advised that the administration must have a contingency plan and be prepared to receive less than what the University is asking for.

Regent Kurisu inquired about the athletics budget. Interim Vice President Neubauer responded that the athletic budget was based on revenues generated from fees along with a certain
amount of committed funds. Regent Kurisu asked if the proposed reorganization had funds in the budget since it will cost the University more to operate under the proposed reorganization structure. Vice President Sloane said there were funds for that purpose.

Upon call the motion was carried unanimously.

Proposed University of Hawai‘i Capital Improvements Program Budget for Fiscal Biennium 2003-2005

Director Ah San explained that the budget before the Committee had two additional projects from the originally submitted to the Board. The projects resulted in an increase to the budget $8.44 million for a total of $666.02 million in the CIP budget of which $656.02 million would be from general obligation bonds.

The Proposed CIP Biennium Budget is a product of a series of consultative meetings with the campus chancellors and administrative staffs. The Proposed CIP Biennium Budget is prioritized by the following categories:

1. Office of Capital Improvements
2. Health and Safety Projects
3. Capital Renewal and Infrastructure Projects
4. Implementation of Long Range Development Plans
5. Funding Authorization

The University received significant support from the 2001 and 2002 Legislatures in the form of appropriations for various projects. Of the 26 projects included in the Proposed CIP Biennium Budget, 23 have prior appropriations or have been included in prior Board of Regents budgets but were left unfunded. Of the total request of $657.580 million, $611.795 million is directly related to projects with prior appropriations and/or included in previous Board CIP budgets. We are hopeful that some of these projects will be included in the Governor’s recommended CIP budget to the 2003 Legislature.

Regent Thurston asked if there was a plan to shift repair and maintenance into the operating budget. Director Ah San said yes because the Legislature tends to favor those projects.

Regent Yamasato asked who prioritizes the projects. Director Ah San stated ultimately it is up to the Regents to prove or modify the priorities as submitted and prepared by the administration.

Regent Ikawa moved to approve the CIP Biennium Budget for the fiscal biennium 2003-2005 with the understanding that any changes to this budget shall require the prior Board approval. The motion was seconded and unanimously carried.

System Level Reorganization

Interim Vice President Neubauer explained that the proposed reorganization of the
University system level began with an extraordinary series of participation. The proposed reorganization had originally been presented to the Regents at a November 14, 2002 meeting, however, he introduced nine changes to the original submittal. They included:

1. An addition of a consultative line from President to the UH Student Caucus
2. Revision of the executive summary for the proposal narrative to include planning of consultations with faculty and students
3. Revision of narrative section to describe consultative lines from President to Faculty Senates and Student Caucus
4. Addition of section 5 to the narrative to describe the office of the President's commitment to consultation with Faculty Senates and student groups during implementation.
5. Revision or organizational placement for Vice President for Student Affairs, creating a dual reporting line to the Vice President for Academic Affairs/President
6. Stylistic changes to narrative at the request of Faculty Senates
7. Revision of the functional statement for the office of the Vice President for International Education to emphasize coordinative and facilitative role as well as transition office
8. Indication on the proposed organization chart for the office of the Vice President for International Education for those positions temporarily transferred for transition and
9. Revision of the solid line from the Vice President for Legal Affairs and University General Counsel to the President to the dotted line.

He stated that the reorganization would be implemented in January of 2003. Following Interim Vice President Neubauer’s presentation the Committee received the following testimonies:

1. Mealoha Shimizu representing ASUH Mānoa, expressed that students felt that they were not involved in the consultation process and that there wasn’t enough time given to study this complex matter.
2. Paul Clur, Chair of Student Caucus, stated that despite the responses from the administration, student leaders still did not feel that there was enough time to discuss this matter with their constituencies in order to provide meaningful input. He, therefore, asked that this matter be deferred to allow students more time to digest the materials and to also consult with their constituencies.
3. Katie Barry, representing Māui CC ASUH, requested for more time to discuss the proposal with students and stated that generally students were not aware of this major
reorganization.

4. Suzanne Aguiar, represented Kaua‘i CC ASUH, expressed that the benefits of any reorganization should be to improve the quality of education. Aside from the last minute addition of a Vice President for Student Affairs the proposed reorganization did not seem to benefit students. She expressed that there appeared to be too much power vested in a few individuals and as such, students expect that the administration will demonstrate integrity. She also requested that this matter be deferred because student leaders feel rushed and intimidated.

5. Lei Desha, representing the Hawai‘i Government Employees’ Association (HGEA), expressed that HGEA did not concur with the proposed reorganization. She stated that the Vice President for Research would be in a conflict of interest position and further clarification was needed as to the functionality of its dotted line relationship to RCUH. This relationship could have an impact on HGEA. Furthermore, the amendments that were provided to the Committee only on the day of the meeting had not been transmitted as yet to HGEA, constituting a flagrant violation of the collective bargaining contract. She stated that HGEA ask that this matter be deferred and to continue the good faith consultation process called for in the collective bargaining statutes.

6. Jill Nunokawa, representing the Office of Student Affairs Faculty Senate, expressed that the Faculty Senate felt that the consultation process was flawed and proposed that the reorganization establish a Vice President for Student Affairs as a stand alone unit reporting directly to the President and not through the office of the Vice President for Academic Affairs.

7. John Radcliff, representing UHPA, expressed that UHPA did review the proposed reorganization and thanked the President for the opportunity to consult. He stated that UHPA felt that the President needs an opportunity to have his own organizational structure through which he can succeed.

Following the testimonies, Regent McElrath asked if some of the amendments introduced that day at the meeting addressed the concerns of students. Mr. Clur said that they could not tell as yet and needed to discuss it with their constituents.

Regent Poe thanked Interim Vice President Neubauer for the changes despite the fact that it was submitted so late that the Regents could not thoroughly digest the material. He expressed that the process had been confusing with so many versions and that in his opinion the consultation process still needs to be completed.

Regent Kurisu suggested that the matter be deferred and that the Committee have another meeting in December to allow the administration for additional time to conclude the consultation process with students, HGEA, Faculty Senates and other groups in the consultation process. Regent Lee concurred, adding that students and faculty are at the heart of any university and should not be left out of such an important process as a major reorganization of this University. Regent Thurston also concurred, expressing that she could not understand why there was such a rush to have this passed despite the cries of confusion and lack of consultation.
President Dobelle agreed, stating that this proposal need not be rushed but questioned what would change in the interim, despite a delay. He added that he had gone to all the campuses and spoke to many student groups on this matter.

Mary Tiles, representing the Mānoa Faculty Senate, expressed that most of their concerns had been resolved.

Regent Nunokawa asked if the administration had consulted with the Mānoa campus. Chancellor Englert explained that he had left that process in the hands of his respective Deans.

Chancellor Tseng stated that she understood that the Hilo Faculty Congress would be submitting their comments.

Chancellor Pearman stated that students did not feel that West O‘ahu was affected in a major way by this reorganization.

Regent Nunokawa asked why Student Affairs would be reporting through the Office of the Vice President for Academic Affairs. Interim Vice President Neubauer explained that Academic Affairs and Student Affairs are related and most mainland universities have consolidated these two entities at the system level.

Regent Ikawa expressed concerns about the proposed reorganization which would dismantle the Community College Chancellor’s Office. He stated he was not aware of any major problems with the way the Community Colleges were currently organized and as such, could not think of any major benefit for changing something that "was not broken."

Chairperson Kobayashi expressed that in light of the testimonies, perhaps the Regents should have a special meeting in December. Regent Dowling proposed a special meeting on December 12, 2002, to allow students, HGEA and Faculty Senates enough time to conclude their consultation process. The matter would be deferred until that time.

Proposed Reorganization for the Office of the Vice President for External Affairs and University Relations

Special Assistant Prescott Stewart requested that the Committee approve a reorganization of the Office of the Vice President for External Affairs and University Relations.

The current OVPEAUR organization consists of subunits for Governmental Relations, Marketing and Branding, Administrative Services, Community and Alumni Relations, Public Relations and Special Events, and Creative Services.

OVPEAUR proposes eliminating the Community and Alumni Relations unit, renaming the Public Relations and Special Events unit to Public Relations, and creating a Marketing and Branding unit. Consequently, the units of OVPEAUR would be Administrative Services, Governmental Relations, Public Relations, Creative Services, and Marketing and Branding. This
reorganization reflects the expanding responsibilities of the OVPEAUR and the accommodation of these new responsibilities within a more appropriately structured organization. Except for one position, all others will be reassigned within the OVPEAUR as reflected on the proposed organizational charts.

With this reorganization, administration of the system-wide alumni relations program will become the responsibility of the University of Hawai‘i Foundation. An Educational Specialist, the Alumni Affairs Specialist, currently assigned to the OVPEAUR alumni relations program, will be reassigned.

This reorganization has been proposed to address the increasing need to generate external funds for the University, provide consistency and efficiency in funding alumni programs by uniting the alumni affairs program with the University’s development, advancement and fundraising agency, and to design, implement and support a comprehensive and coordinated University marketing plan. Image building and enhancement of the University’s relationship with the media are other factors for the proposed organizational changes.

Affected positions will be reassigned within the OVPEAUR and redescribed as necessary and no additional funding will be required.

The university administration has responded to questions from the Hawai‘i Government Employees’ Association (HGEA), however, finalization of the "good faith" consultation process should be completed by the Board’s meeting.

Regent Kurisu moved to approve the reorganization of the Office of the Vice President for External affairs and University Relations as presented with the understanding that implementation details will be subject to University policy, statutes and applicable regulations. The motion was seconded and unanimously carried.

There being no further business before the Committee, the meeting was adjourned at 6:55 p.m.

Respectfully submitted,

David Iha, Secretary

Dated: December 26, 2002

c: Chairperson Bert A. Kobayashi
Members, Committee on Budget and Long-Range Planning
President Evan S. Dobelle