

University of Hawai'i Budget Briefing

**Presentation to the House Committee on Finance
January 15, 2021**

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Overview of Presentation

➤ University Overview

- Budget Summary
- Planning to Get Us There
- The Journey Ahead



University Overview

Founded in 1907, the University of Hawaii System is the sole provider of public higher education throughout Hawai'i and seamlessly organizes its universities and community colleges under one system

Three Comprehensive Universities

- Mānoa, Hilo and West O'ahu
- Mānoa is a world-class research university
- Over 23,000 enrollment
- Nationally ranked NCAA Division I athletics

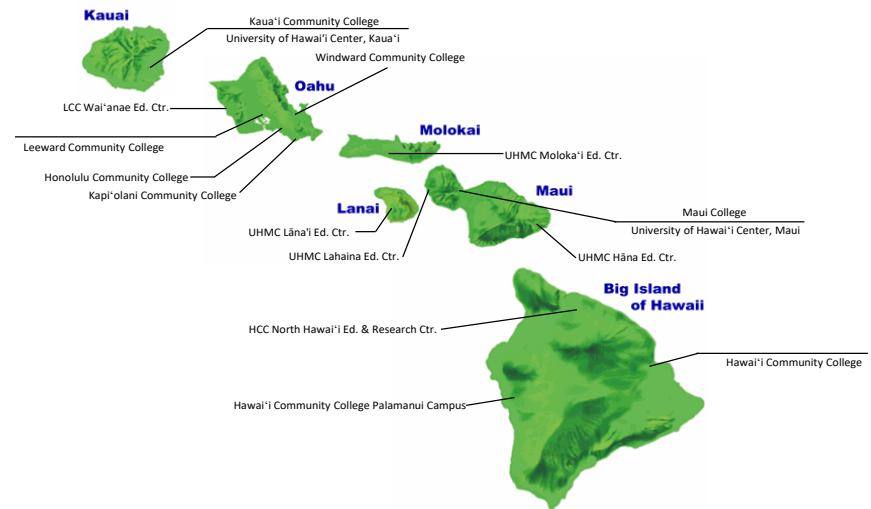
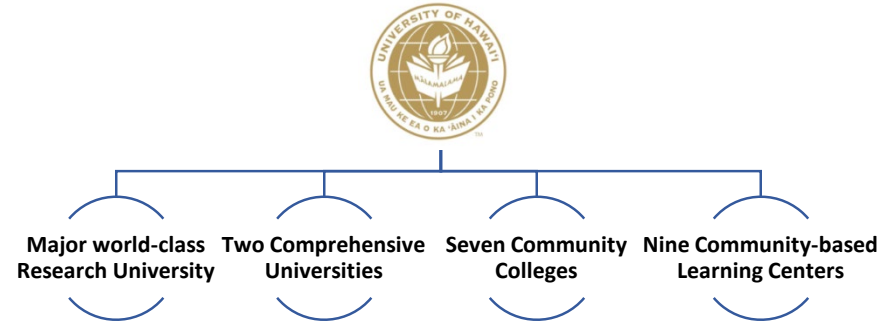
UH Community Colleges and Learning Centers

- Seven community colleges and nine community-based learning centers
- Over 25,000 enrollment
- Occupational, technical and professional courses
- Critical to delivering the mission to expand educational opportunities across the State, as well as providing a pathway to 4-year universities
- Key driver of strong support from the State and community

Degrees and Certificate Programs as of Fall 2019

- Total degree/cert programs: 660
- Certificates, CC: 96
- Certificates, 4-Year: 125
- Associate degrees: 130

University of Hawaii System



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FB21-23 Operating Budget – Board Request Details

- No new general funds requested
- Transfer positions associated with Nā Pua No‘eau from UOH900 (Systemwide Support) to the various campuses
- Transfer positions associated with Human Resources from UOH100 (Mānoa) to UOH900
- Request continuation of \$4,000,000 in General Funds for Athletics programs at Mānoa and Hilo (these funds were appropriated in Act 264, SLH 2019)
- Non-general funds ceiling increase for RTRF in UOH900 and a transfer of ceiling from UOH100 to UOH900 to reflect reorganization of Office of Research Compliance



FB21-23 Operating Budget – Gov Proposed

Campus	Act 9/SLH 2020	CB (prior)	Transfers	Adds	Reduction	Total (GOV)	% diff
Manoa	\$ 238,158,774	\$ 9,294,328	\$ (402,885)	\$ 3,600,000	\$ (35,600,000)	\$ 215,050,217	-9.7%
JABSOM	\$ 20,395,095	\$ 811,470			\$ (3,000,000)	\$ 18,206,565	-10.7%
Aquaria	\$ 788,141	\$ 28,396			\$ -	\$ 816,537	3.6%
Hilo	\$ 38,048,748	\$ 1,530,478	\$ 87,631	\$ 400,000	\$ (5,700,000)	\$ 34,366,857	-9.7%
SBDC	\$ 978,941	\$ -			\$ -	\$ 978,941	0.0%
UHWO	\$ 18,562,223	\$ 775,748	\$ 44,724		\$ (2,700,000)	\$ 16,682,695	-10.1%
Community Colleges	\$ 153,022,004	\$ 4,846,515	\$ 107,396	\$ 700,000	\$ (23,000,000)	\$ 135,675,915	-11.3%
Systemwide Support	\$ 56,533,226	\$ 2,248,628	\$ 163,134		\$ (8,478,080)	\$ 50,466,908	-10.7%
Total	\$ 526,487,152	\$ 19,535,563	\$ -	\$ 4,700,000	\$ (78,478,080)	\$ 472,244,635	-10.3%

- -\$78.5 million reduction to current (FY21) base budget for general funds.
- Act 9 (2020) appropriations, with additions for collective bargaining, other separate appropriations (Hawaii Promise and Athletics), and transfers.



Federal COVID-19 Relief Funding – Higher Ed Relief

Coronavirus Response & Relief Supplemental Appropriations Act of 2021

- \$82 billion total for education - all levels, public and private
- New Higher Ed Emergency Relief Fund (HEERF) structured similar to CARES HEERF
 - \$20.4 billion allocated to public and non-profit IHEs by formula; Unlike CARES, includes weighting for headcount enrollment as well as FTE
 - \$1.7 billion allocated to HBCUs and Minority-Serving Institutions
- New HEERF funding may be used for
 - Direct aid to students - Must provide at least the same amount of funding in emergency financial aid grants to students as was required under CARES.
 - Coronavirus expenses including lost revenue, technology, faculty/staff training
 - Student support activities that address needs related to coronavirus
- Unlike K12 and Governors' educational funding, as of January 11, Higher Ed funding has not been released and detailed instructions have not been provided by the U.S. Department of Education



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Vision for Hawai'i and UH

Hawai'i is a special place where diverse people and communities live, work, learn and play together in a sustainable manner. Hawai'i's economy is vibrant and globally competitive, characterized by engaging living-wage jobs. Inspired by its host culture, Hawai'i treasures and protects its amazing environment as it promotes a high quality of life for all its people.

The University of Hawai'i system is the single most important contributor to the future of Hawai'i. The people of Hawai'i appreciate the excellence throughout UH, understand its value to the state and show their pride in their university system. UH campuses are recognized for their quality and value and are destinations of choice within Hawai'i and beyond. The UH System is the premier integrated higher education system in the country.

Integrated Academic and Facilities Plan for the UH System
Approved by the Board of Regents, April 20, 2017



What Must UH Do Now For Hawai'i: Priorities for Recovery and Beyond

- Hawai'i needs a more educated citizenry that addresses our challenges and opportunities
- Hawai'i needs more of our residents prepared and qualified to fill the jobs Hawai'i needs
- Hawai'i needs to grow healthy new economic sectors and develop new approaches to existing sectors
- UH research and innovation must become more substantial economic and intellectual drivers

Budget Policy Paper
Approved by the Board of Regents,
October 16, 2020



UH Must Engage More Hawai'i Residents in Post-Secondary Education and Training

- Post-secondary education is the most powerful enabler of social and economic mobility with inter-generational positive impacts. Holders of a post-secondary credential:
 - Earn more, are healthier, live longer, have children more likely to attend college
 - Are less likely to become unemployed in a recession and are faster to be re-employed during recovery
 - Pay more taxes, vote more, volunteer more, less likely to draw on social services, less likely to be incarcerated
- The best estimate is that 70% of jobs created will require some post-secondary education
 - Right now, that applies to just 48% of working age adults in Hawai'i
- Regardless of major, a broad educational foundation equips students to thrive as engaged citizens and lifelong learners in an uncertain future applying their essential skills and abilities including communication, critical thinking, empathy, cultural competence, creativity and can-do spirit

All of Hawai'i benefits from an educated and engaged citizenry



UH Must Educate More Hawai'i Residents for Living Wage Hawai'i Jobs

- Education
 - Teachers, teachers, teachers – via multiple pathways
- Health Care & Social Welfare
 - Doctors, nurses, allied health professions, social workers, public health workers, psychologists, counselors, physical therapists...
- Construction, Design & the Built Environment
 - Skilled labor, architects & engineers focused on sustainable and resilient structures for Hawai'i

When we educate our own residents to fill needed jobs in our community, especially living-wage jobs, we do better for our people and we do better for our employers.



UH Must Help Grow New Economic Sectors and Develop New Approaches to Current Sectors

- Computer Science & Engineering
 - Cybersecurity, Data Science, Artificial Intelligence / Machine Learning
 - Hawai'i residents with these skills can telework for employers anywhere
- Creative Media Industries
 - Film / Music / Video, Production, Gaming, Esports
- Climate Change, Energy, Resilience & Conservation
 - Sea level rise, coral reef health, weather impacts, renewable energy generation, microgrids, disaster risk assessment, resilience
 - Protection and restoration of native environments
- Food, Agriculture, Aquaculture
 - Need to avoid either/or approach to local food production and high-value products; We need both!
- Sustainable Tourism
 - Reduce numbers and impact on infrastructure, environment and community
 - Medical tourism, edutourism, ecotourism, culinary tourism, cultural tourism, voluntourism increase positive engagement with, and living wage jobs for, residents

There is no single silver bullet that can replace our shattered 2019 tourism economy. These areas represent substantive opportunities where Hawai'i has competitive advantages and UH has recognized strength and opportunity to excel globally.



UH Must Strengthen its Research Enterprise as a Major Economic and Intellectual Driver of Innovation

- Extramural funding over \$450m during FY20, mostly federal
 - Thousands of directly created living wage jobs
 - Positive economic impacts multiply throughout the islands
- Need to ensure continued high performance in areas of strength
 - Ocean, earth & atmospheric sciences;
 - Astronomy & space sciences;
 - Environmental microbiology;
 - Study of Asia and the Pacific, Hawai'i and its people
 - Climate change and resilience;
 - Energy;
 - Disaster management;
- Need to build stronger research capacity in areas of opportunity
 - Health sciences and disparities;
 - Agri/Aquaculture;
 - Computer Science & Engineering
 - Pacific Engagement
- Need to increase community impacts: startups, jobs, investment

No community has developed into an economic powerhouse without the engagement of a strong research university.



Strategies for Structural Rebalancing & Rightsizing

- Reduce Expenses
 - Shed and avoid excess facilities and associated costs
 - Shared administrative & support functions
 - Strong decision-making around resource allocation
 - Program consolidation, sharing, realignment and elimination
 - Retirement Incentive program
- Increase Revenue
 - Recognition that the State will be challenged for years to come and tuition rate increases not a viable option
 - Targeted enrollment opportunities; serve more students and move the state forward
 - Invest in monetizing real estate and philanthropy
 - New approaches to auxiliaries that can financially support core mission
 - Investment is critical now but will be slower to materially impact operating budgets



Work Done Toward Post-Pandemic Planning

- Articulated priorities for planning – as adopted in BOR-approved Budget Policy Paper for FB21-23 and beyond
- Identified the types of actions needed – also communicated in Budget Policy Paper
- Gathered and promulgated data on faculty/student ratios, number of programs, size of programs, number of administrative units, staff/student ratios, exec/student ratios, program review findings
- Upon return of faculty and students to campuses in Fall 2020, conducted intensive campus conversations, planning meetings, open forums, and strategic discussions – inviting all stakeholders
- Principles
 - Open to all ideas
 - Relentless focus on what Hawai'i needs
 - Consultation is essential and must be expeditious
 - Respect for Collective Bargaining Agreements



Post-Pandemic UH is Not a Return to the Past But a Leap to the Future: What Must We Look Like

- Hybridized Future: UH has internalized and embraced the lessons of the pandemic regarding when and where work and learning can and should take place from home
- UH has reached new sets of learners and is serving them in new ways
 - Online & distance education, adult learners, non-credit education, competency-based education, micro-credentials and certifications
- UH is a prudent, effective and efficient steward of public resources: financial, human and physical
 - Rightsized programs, facilities, faculty, staff and streamlined administration
- The UH System understands the missions of its major units and collaborates across all units and islands to realign and share resources in service to the entire state
- We understand and accept that Hawai'i is a small state with limited resources that can't do everything a large state can afford
- UH is investing in areas critical to the future of Hawai'i, sustaining and advancing excellence
- UH is more resilient in the face of economic fluctuation because it has diversified its revenue sources for operations beyond state general funds and tuition revenue



Post-Pandemic UH is Not a Return to the Past But a Leap to the Future: Some Specific Examples of Desired End Results (1/2)

- Strong Coherent Pathways for High Priority Academic Programs are Thriving Systemwide; Unique programs embrace statewide responsibilities; Greater use of hub & spoke approaches including with University Centers
 - Health Care & Social Welfare; Education; Agriculture/Aquaculture; Sustainability/Resilience/Energy/Conservation/Green Jobs; Computer Science and Engineering
- UH Enrollment has Increased through Expansion to New Learners...
 - Online & distance education serve Hawai'i and beyond
 - Non-credit micro-credentials and certifications support training and retraining of Hawaii's workforce
- ... even as Modern Enrollment Management Practices Increase Recruitment, Retention and Transfer for All Students
- UH Extramural Funding has Grown in Areas of Strength...
 - Ocean, atmosphere, earth & water; Astronomy and space; Environmental microbiology; Climate change & resilience; Energy; Disaster management; Study of Asia and the Pacific (all disciplines); Hawaii and its people
- ...and Areas of Opportunity
 - Health sciences; Agri/Aquaculture; Computer science and engineering; Pacific initiatives



Post-Pandemic UH is Not a Return to the Past But a Leap to the Future: Some Specific Examples of End Results (2/2)

- Data-informed Change is Routine, Not Crisis-Driven
 - Small Class Policy, Small Program Policy & Workload Template inform academic decision-making
 - Efficient and effective administrative service delivery is the norm
 - High-quality UH facilities are utilized through the week and year; others are shed
- Revenue Sources are Strengthened and Diversified
 - University real property assets generate revenue to support campus operations
 - Philanthropy increases and is even more targeted to university priorities and community needs
- Hybridity is embraced
 - Work from home is routine where appropriate
 - Online education serves both campus-based and off-campus learners
 - Facilities are reconfigured and resized to recognize new patterns of working and learning



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What Happens Next – Changes to Programs and Structures

- Many promising new program and structure ideas arose during the conversations on campuses and in systemwide conversations
 - Provide health education in a more integrated and systemwide manner across the state
 - Educate teachers and education professionals in a more integrated and systemwide manner across the state
 - Coordinate and focus agriculture programs across the campuses to serve all islands
- Many of the ideas that arose, including some of the counter-proposals from faculty who recognize we are in a crisis, are just plain good ideas.
- There are a number of areas on which more work needs to be done
 - Facilities
 - Deeper understanding of trends telework and online learning on facilities needs
 - Means and methods to intensify use of high-quality facilities and shed those in poorest condition
 - Any opportunities for energy savings
 - Specific Program Challenges and Opportunities
 - UH Mānoa Athletics
 - Student Housing
 - Auxiliaries



What Happens Next – Developing Revenue Opportunities

While developing revenue sources is a multi-year process, it needs to be supported **now** even as other areas see disinvestment. More work needs to be done to develop specific plans around:

Educational Revenue

- Enrollment Management, especially systemwide strategies
- Online programs to reach new learners
- Non-credit / Micro-credentials / Training & ReTraining

Real Estate Revenue – with focus on the most promising properties

- UHWO
- UH Press
- Leahi area parcels
- Hangar 111
- PBS / Lab School / College of Ed
- Hilo Vulcan Village



UH is actively planning our post-pandemic future to help navigate all of Hawai'i on our journey to a more sustainable and resilient post-pandemic future

