



# **Fiscal Year 2019-2020 Operating Budget**

## **Introduction**

In accordance with University of Hawai'i (UH) Board of Regents Policy 8.204, the UH Administration hereby submits its projected fiscal year 2019-20 (FY20) operating budget. The FY20 Budget reflects a forecast of anticipated major revenue components of the University organized by campus, including tuition and fees, legislative general fund appropriation, and other special or revolving funds. The budget is also organized to forecast major operational expenditures of salaries, utilities, institutional aid, and other operating expenditures.

The FY20 Budget has been constructed by unit management in adherence to guidelines and parameters directed by the Chief Financial Officer.

## OVERVIEW

The FY20 Budget operating budget is forecasted to include \$1,068,590,864 in revenues against \$1,091,558,489 in expenditures aggregated across the UH system of campuses. After transfers are accounted for, UH as a system projects a net fiscal operating deficit of \$40,998,161 for FY20. Most of this deficit represents one-time projects planned to be funded from reserves and projected ending balances for all funds total \$249,381,100 which will remain above the 16% Reserve Target as established by Regent Policy and Executive Policy. The target level for reserves based on policies is estimated at \$175.5 million.

Across all funds, FY20 revenues are projected to decline by \$3.1 million, or 0.3%, as compared to actual FY19 collections. General Fund appropriations are increasing by \$5.8 million, or 1.2%, primarily as a result of collective bargaining augmentations, although there are also specific legislative initiatives added as well. Despite a nominal increase in tuition rates, revenues for the Tuition and Fees Special Fund (TFSF) are projected to decline by \$5.3 million, or 1.6%, because overall enrollment is projected to decrease. Revenues for the Research and Training Revolving Fund (RTRF) are projected to show a very small increase. Revenues for Other Special Funds and Other Revolving Funds are projected to show slight declines as a result of reduced utilization and conservative estimates.

FY20 operating expenditures are projected to increase by \$64.8 million, or 6.3%, as compared to FY19 actual expenditures. All expenditure categories except for Lecturer Payroll are projected to increase. Overall, personnel expenditures are projected to increase by \$19.5 million, or 2.8%.

As a result of declining revenues and increased expenditures, a net operating loss of \$40,998,161 is projected for FY20. Although this loss is significant, it is important to note that it is mostly due to planned one-time expenditures, and across all funds, the University has projected the ending balances above the 16% reserve target set by RP 8.203.

Therefore, although the projected operating loss is concerning, the University's overall fund balances are still strong. The Administration will be vigilant regarding these losses and is already working to mitigate the trend. The Administration currently only supports reserve spending for non-recurring costs that are one-time and/or strategic in nature. Using reserves to deficit fund fiscal shortfalls is no longer viewed as a prudent practice.

As a matter of prudence, the administration tends to make conservative budget projections. It is safer to underestimate revenue and overestimate expenditures in order to ensure that the institution maintains the fiscal health that was restored following the Great Recession.

## BUDGET HIGHLIGHTS BY CAMPUS

### *Mānoa*

Mānoa is projecting a 0.8% decline in TFSF revenues as a result of conservative enrollment and revenue estimates. Expenditures from Other Special Funds is increasing considerably as compared to FY19 actual expenditures primarily due to one-time repair and replacement expenses. These one-time costs have been planned for and fund balances are more than sufficient for these expenditures.

### *Hilo*

Hilo is projecting a 1.6% decrease in TFSF revenues as a result of enrollment declines. Despite the \$2.5 million operating loss for TFSF, the projected ending balance for Hilo is \$13.6 million, which is above their 16% target.

### *West O'ahu*

West O'ahu is projecting a 2.2% increase in TFSF revenues over FY19 levels as a result of a slight enrollment increase. Utilities expenditures are projected to increase \$4.7 million over FY19 actual expenditures, although this is primarily due to a one-time payment for retroactive sewage costs.

### *Community Colleges*

The Community Colleges are projecting a 2.7% decrease in TFSF revenue in spite of a 2% rate increase as a result of declining enrollment due to the robust State economy. Despite a projected \$5.7 million loss for TFSF, the projected ending balance is \$22.2 million.

### *Systemwide Administration (System)*

Increased expenditures from RTRF and Other Special Funds are the result of investments in hardware and software upgrades as well as replacement costs.

## STRATEGIC DIRECTIONS

The Strategic Directions for 2015-2021 are incorporated throughout the budget through ongoing programs, one-time investments using fund reserves, and performance funding:

### *Hawai'i Graduation Initiative (HGI)*

The goal of HGI is to increase the educational capital of the State by increasing the participation and completion of students, particularly Native Hawaiians, low-income students, and those from underserved regions and populations and preparing them for success in the workforce and their communities.

### *Hawai'i Innovation Initiative (HI2)*

The goal of the Hawai'i Innovation Initiative is to create more high-quality jobs and diversify Hawai'i's economy by leading the development of a \$1 billion innovation, research, education, and training enterprise that addresses the challenges and opportunities faced by Hawai'i and the world.

*21<sup>st</sup> Century Facilities (21CF)*

UH students, faculty, and staff need and deserve up-to-date facilities that support modern teaching, learning, innovation, and scholarship. Facilities and campus environments must be safe, sustainable, and support 21<sup>st</sup> century higher education expectations and practices.

*Mission Focused System (MFS)*

The goal of the Mission Focused System is to realize the University’s commitments to becoming a foremost indigenous-service university and advancing sustainability, both of which are significant parts of our mission.

*High Performing System (HPS)*

Through cost-effective, transparent, and accountable practices, the University seeks to ensure financial viability and sustainability to ensure UH’s ability to provide a diverse student body throughout Hawai’i with affordable access to a superb higher education experience in support of the institutional mission of the University.

**SYSTEMWIDE REVENUES**

Type of Fund	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
General Funds	\$512,922,152	\$507,063,896	\$5,858,256	1.2%
Tuition & Fees	\$333,619,992	\$338,971,719	(\$5,351,727)	-1.6%
RTRF	\$52,091,267	\$51,751,030	\$340,237	0.7%
Other Special Funds	\$127,126,152	\$129,773,337	(\$2,647,185)	-2.0%
Other Revolving Funds	\$33,737,349	\$35,899,100	(\$2,161,751)	-6.0%
Appropriated Federal Funds	\$9,093,952	\$8,223,668	\$870,284	10.6%
<b>Total Revenues</b>	<b>\$1,068,590,864</b>	<b>\$1,071,682,750</b>	<b>(\$3,091,886)</b>	<b>-0.3%</b>

Type of Fund	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
General Funds	\$507,063,896	\$501,894,097	\$5,169,799	1.0%
Tuition & Fees	\$338,971,719	\$342,732,318	(\$3,760,599)	-1.1%
RTRF	\$51,751,030	\$52,043,846	(\$292,816)	-0.6%
Other Special Funds	\$129,773,337	\$134,699,970	(\$4,926,633)	-3.7%
Other Revolving Funds	\$35,899,100	\$37,498,584	(\$1,599,484)	-4.3%
Appropriated Federal Funds	\$8,223,668	\$9,221,787	(\$998,119)	-10.8%
<b>Total Revenues</b>	<b>\$1,071,682,750</b>	<b>\$1,078,090,602</b>	<b>(\$6,407,852)</b>	<b>-0.6%</b>

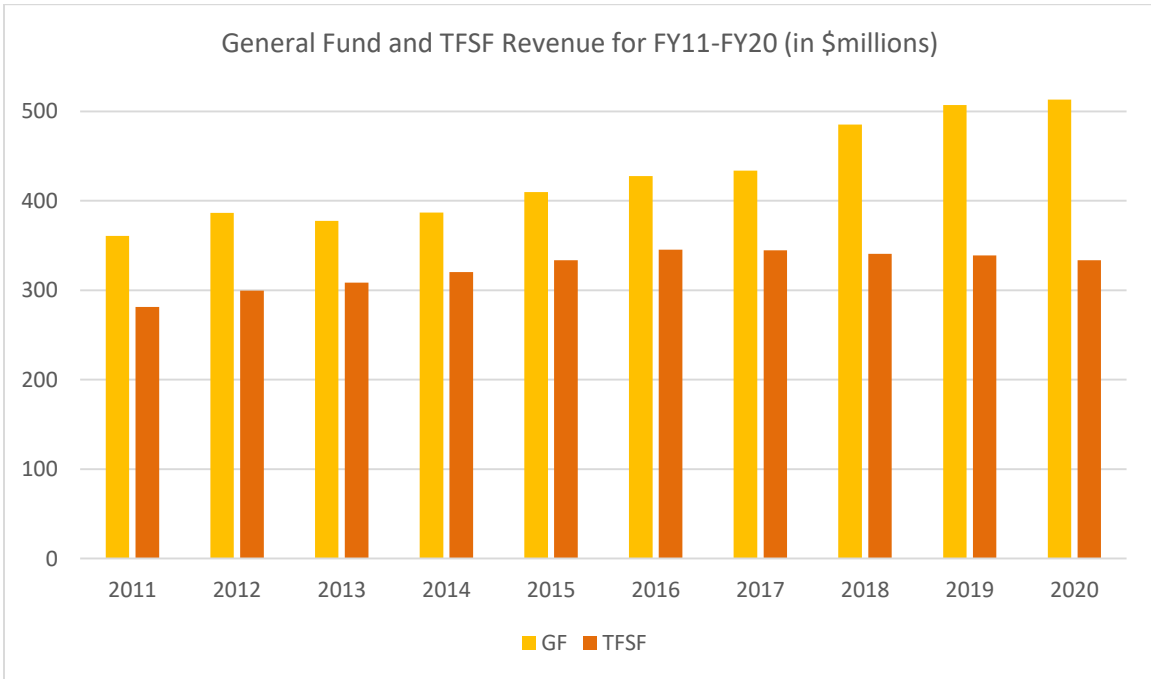
Compared to FY19 actual revenues, FY20 revenues are projected to decline by \$3.1 million, or 0.3%. General Fund appropriations are increasing by \$5.8 million, or 1.2%, primarily as a result of collective bargaining augmentations, although there are also specific legislative initiatives added as well.

Revenues for the Tuition and Fees Special Fund (TFSF) are projected to decline by \$5.3 million, or 1.6%. Despite a nominal increase in tuition rates, overall enrollment is projected to decline. Revenues for the Research and Training Revolving Fund (RTRF) are projected to show a very small increase (0.7%). Revenues for Other Special Funds are projected to decrease

by \$2.6 million, or 2.0%. Other Revolving Funds revenues are projected to decline by \$2.2 million, or 6.0%. These last two fund groups are projected to have reduced revenues as a result of reduced utilization and conservative estimates.

### Historic Revenues for General Fund and Tuition

The following chart shows historic revenues for FY11 through FY19 and projected revenues for FY20 for General Fund and TFSF:



While General Fund appropriations have increased in recent years, they are primarily a result of collective bargaining augmentations. Tuition revenue has not increased at a similar rate and is currently experiencing a slight decline.

**SYSTEMWIDE EXPENDITURES**

<b>Expenditure Category</b>	<b>FY20 Projected</b>	<b>FY19 Actual</b>	<b>FY20 Proj. vs. FY19 Actual</b>	<b>%age</b>
Regular Employee Payroll	\$641,479,074	\$621,892,718	\$19,586,356	3.1%
Lecturer Payroll	\$37,418,602	\$40,079,516	(\$2,660,914)	-6.6%
Student Help Payroll	\$20,762,417	\$20,123,825	\$638,592	3.2%
Other Personnel	\$10,774,180	\$8,844,759	\$1,929,421	21.8%
<i>Subtotal Personnel</i>	<i>\$710,434,273</i>	<i>\$690,940,818</i>	<i>\$19,493,455</i>	<i>2.8%</i>
Utilities	\$75,571,196	\$68,636,958	\$6,934,238	10.1%
Scholarships, Tuition	\$64,315,952	\$59,297,079	\$5,018,873	8.5%
Other Operating Expenses	\$241,237,068	\$207,897,508	\$33,339,560	16.0%
<i>Subtotal Other</i>	<i>\$381,124,216</i>	<i>\$335,831,545</i>	<i>\$45,292,672</i>	<i>13.5%</i>
<b>Total Expenditures</b>	<b>\$1,091,558,489</b>	<b>\$1,026,772,363</b>	<b>\$64,786,126</b>	<b>6.3%</b>

<b>Expenditure Category</b>	<b>FY19 Actual</b>	<b>FY19 Projected</b>	<b>FY19 Actual vs. FY19 Projected</b>	<b>%age</b>
Regular Employee Payroll	\$621,892,718	\$626,338,000	(\$4,445,282)	-0.7%
Lecturer Payroll	\$40,079,516	\$36,521,083	\$3,558,433	9.7%
Student Help Payroll	\$20,123,825	\$22,219,530	(\$2,095,705)	-9.4%
Other Personnel	\$8,844,759	\$14,922,177	(\$6,077,418)	-40.7%
<i>Subtotal Personnel</i>	<i>\$690,940,818</i>	<i>\$700,000,790</i>	<i>(\$9,059,972)</i>	<i>-1.3%</i>
Utilities	\$68,636,958	\$66,020,863	\$2,616,095	4.0%
Scholarships, Tuition	\$59,297,079	\$62,804,585	(\$3,507,506)	-5.6%
Other Operating Expenses	\$207,897,508	\$253,859,345	(\$45,961,837)	-18.1%
<i>Subtotal Other</i>	<i>\$335,831,545</i>	<i>\$382,684,793</i>	<i>(\$46,853,249)</i>	<i>-12.2%</i>
<b>Total Expenditures</b>	<b>\$1,026,772,363</b>	<b>\$1,082,685,583</b>	<b>(\$55,913,220)</b>	<b>-5.2%</b>

FY20 operating expenditures are projected to increase by \$64.8 million, or 6.3%, as compared to actual FY19 expenditures. Regular employee payroll is increasing by 3.1%, primarily the result of collective bargaining increases. Utilities are projected to increase by \$6.9 million, or 10.1%. This is primarily the result of increased rates and utilization. Other Operating Expenses are projected to increase by \$33.3 million, or 16.0%. This increase is largely attributable to one-time costs for repair and replacement of facilities.

**SYSTEMWIDE NET OPERATING INCOME**

<b>Net Operating Income</b>	<b>FY20 Projected</b>
General Funds	\$0
Tuition & Fees	(\$12,903,137)
RTRF	\$2,279,086
Other Special Funds	(\$25,565,484)
Other Revolving Funds	(\$5,278,093)
Appropriated Federal Funds	\$469,467
<b>Total NOI</b>	<b>(\$40,998,161)</b>

As a result of reduced revenues and increased expenditures, the University is projected to experience a net operating loss of \$41.0 million across all fund types. The \$12.9 million operating loss is attributable to declining enrollment and increased costs. However, it is important to note that TFSF is projected to have an ending balance of \$98.6 million at the end of FY20 despite the operating loss. This is above the 5% minimal reserve target of \$42.8 million and is also in addition to the \$18.6 million held centrally at System.

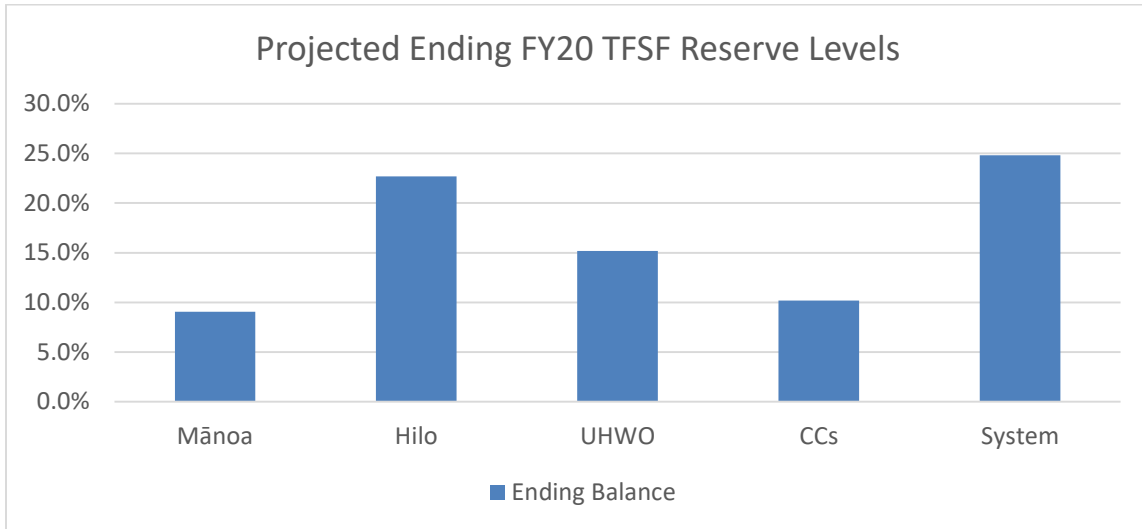
The operating loss for Other Special Funds is primarily the result of one-time expenditures for repair and replacement of various facilities. Some of these costs were carried over from FY19. Additional details can be found in the individual campus sections.

<b>Net Operating Income (All)</b>	<b>FY20 Projected</b>
Net Operating Income	(\$40,998,161)
Beginning Balance	\$290,379,261
Ending Balance	\$249,381,100
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$118,101,036
Revised Ending Balance	\$131,280,064
Reserve Requirement (5% Minimum)	\$54,841,758
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$76,438,306</b>



### TFSF RESERVE LEVELS

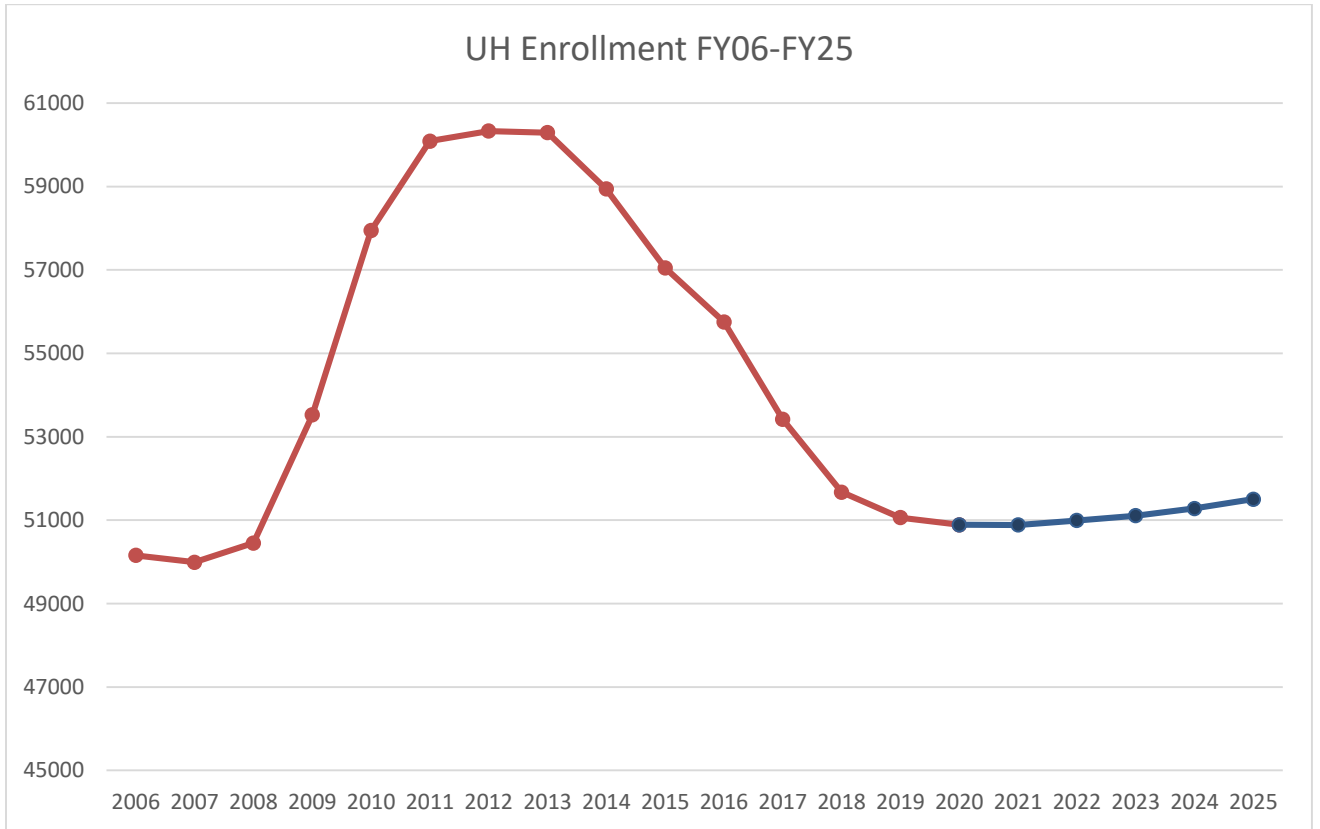
While the decline in TFSF revenues is concerning, reserve levels are sufficient to address the deficits in the short term. However, major units are aware that they must reduce and rebalance expenditures to live within revenue realities, and the situation is being monitored by the Administration.



Campus	FY20 Ending	Held at System
Mānoa	\$ 43,011,872	\$ -
Hilo	\$ 15,600,100	\$ 3,437,529
UHWO	\$ 5,267,903	\$ 1,734,256
CCs	\$ 22,184,143	\$ 10,903,705
System	\$ 12,511,410	\$ 2,521,561
<b>Total</b>	<b>\$ 98,575,428</b>	<b>\$ 18,597,051</b>

## SYSTEMWIDE ENROLLMENT

The recent downward trend in enrollment appears to be slowing and UH is projecting that enrollment will soon level off and will see mild enrollment growth in the near future. Recent actions by the Board, the Legislature, and academic affairs offices at both the campus and system level demonstrate the willingness to reverse the downward trend. Examples of these include the freezing of tuition rates in the near term, the Hawai'i Promise Program, and enrollment management efforts that can be found in individual campus sections.



## CONCLUSION

Declining revenues and increased expenditures are projected to create a fiscal year deficit and operating loss of \$41.0 million for FY20. Campuses and business units will be expected to manage in-year progression of revenues against expenditures by reducing and rebalancing expenditures as necessary to live within revenue realities in order to mitigate operating deficits from becoming long-term problems. Prior fiscal oversight to build reserves for fund balances can help this short-term deficit. However, Administration is focused on utilizing reserves only for one-time investments rather than to cover deficit spending. While this operating loss is concerning, the Administration will be vigilant in monitoring progress and hopes to reverse this trend. Work continues to identify alternate revenue opportunities and institutional cost reductions (e.g., energy savings).

# University of Hawai'i at Mānoa

## Introduction

The University of Hawai'i (UH) at Mānoa is the 'flagship' campus of the UH system, combining world-class research with graduate and undergraduate education. Consistent with its location in the most diverse community and environment in the world, UH Mānoa is a globally recognized center of learning and research with kuleana to serve the people of Hawai'i and our neighbors in the Pacific and Asia. The Carnegie Foundation classifies UH Mānoa as a Research 1 institution with "very high" research activity, and the National Science Foundation ranks UH Mānoa among the top 45 public universities in federal research expenditures. UH Mānoa has widely recognized strengths in tropical agriculture, tropical medicine, oceanography, astronomy, marine biology, engineering, volcanology, microbiology, comparative philosophy, comparative religion, Hawaiian studies, Asian studies, Pacific Islands studies, and public health.

UH Mānoa houses the State's only medical school, law school, college of engineering and school of architecture. It provides distinctive professional degrees through schools in education, business, travel industry management, nursing, and social work. It also offers doctoral programs in major intellectual disciplines. As a land-, sea-, space- and sun-grant university, UH Mānoa has unique responsibilities and opportunities to deliver applied research and education programs that are relevant to the pressing needs of our State and the nation. UH Mānoa offers 103 bachelor's degrees, 91 master's degrees, 54 research doctorates, and 5 professional doctorates. Of these, 60 programs are professionally accredited. The campus offers 29 undergraduate certificates, 3 post-baccalaureate certificates, and 40 graduate certificates.

Strategic planning over the past several years has provided the campus with a roadmap for budget strategies and priorities over the next five years. As detailed below, the campus has embarked on an implementation process that aligns the strategic investment of resources with the goal of ensuring the excellence and relevance of educational, service, and research programs.

## STRATEGIC INVESTMENTS

Building on the \$2 million reallocated as strategic seed support to eight different research, education, and outreach projects in FY18, UH Mānoa continues to focus on building excellence in key areas in which the University has strength and/or need by virtue of our location and our role as the State of Hawai'i's flagship university. During FY19, three areas in which seed support was utilized emerged as significant multi-disciplinary centers that span the entire campus and reside organizationally separate from any one school or college. These centers include the Hawai'i Data Sciences Institute, the Institute for Sustainability and Resilience, and the Center for Microbiome Analysis through Island Knowledge and Investigation. All three centers have, in just 18 months, generated significant, additional external funding for their activities, which include both new educational programs as well as leading-edge research. The strategic investment of resources will continue to be emphasized through the centralized position control process implemented by the campus for the first time during the 2017

academic year. Given that nearly 2/3 of operating expenditures are for personnel, ensuring that new hires are aligned with campus strategies and priorities drives resources to those areas.

### Strategic Research and Education Investments

Strategic investments in research and educational programs are intended to be revenue-generating over time, impactful to student learning, and/or responsive to State needs. In the Fall of 2018, facilitated discussions were conducted with the Vice Chancellors, Deans, and Directors, led by an academic budget planning expert from the DC-based Education Advisory Board. Upon conclusion of this two-day meeting, the participants agreed to a new approach to the academic budget. Recognizing the unique missions and challenges of the various schools, colleges, and organized research units, we agreed to work together to identify the priorities, challenges, and metrics of success for each of the four types of units:

- Professional schools - Business, Education, Engineering, Nursing, Social Work, Architecture, Law, Medicine
- Combined research and education - School of Ocean and Earth Science and Technology (SOEST), College of Tropical Agriculture and Human Resources (CTAHR), Medicine
- Liberal Arts - Arts & Humanities, Languages, Linguistics and Literature (LLL), School of Pacific and Asian Studies (SPAS), Natural Sciences, Social Sciences, School of Hawaiian Knowledge
- Organized Research Units (ORUs) - Cancer Center, Institute for Astronomy, Lyon Arboretum, Waikiki Aquarium, Water Resources Research Center

This process will result in:

1) the identification of the top two-year strategic priorities for each, with a requirement that these priorities shall be impactful, realistic, and aligned with our strengths, our location and our mission; 2) the development of metrics to be used for measuring success; and 3) the identification of pathways to success, including collaborations.

In full alignment with UH Strategic Directions, there is strong, broad support for activities that capitalize on our location in the Asia Pacific region, our environment, and our diverse community. Hiring requests, new educational program starts, space requests, and investments in new facilities and equipment are all being considered with the aim of strengthening the University's capability and capacity in cross-cutting, multi-disciplinary areas including:

- Sustainability and Resilience
- Microbiome
- Data Sciences/Analytics
- Pacific and Asian Studies
- Energy
- Cybersecurity
- Astronomy
- Ocean-related studies

This articulation of high priority areas does not mean that we are ignoring the needs and opportunities associated with other areas of excellence and relevance at UH Mānoa. In fact, the FY20 budget reflects the commitment of the University to support vital programs in medicine

and healthcare, business, agriculture, social sciences, humanities and the arts. Investments are also being made in units and programs across campus with the aim of strengthening the university's critical role as a Hawaiian Place of Learning.

### Strategic Efficiency and Effectiveness Initiatives

Centralized position control was implemented for the first time in FY16 and has provided significantly more institutional capability to focus on strategies elevate the standing of UH Mānoa as a premier global research university while being responsive to State needs.

One of UH Mānoa's absolute imperatives over the past several years has been stabilization of the operating budget, which has been a particular challenge during a period of declining/flat enrollment and no real growth in appropriations. While still fragile, this has been largely achieved. Previous attempts to formulaically align tuition revenue with teaching metrics have been paused as the campus designs a more strategic approach that can be implemented even if overall revenues do not grow. FY20 is considered an interim year while the Provost and the Deans/Directors continue discussions regarding strategic priorities that will inform future revisions to unit budget allocations.

Enrollment growth through a combination of increased student recruitment and increased student retention has been a top priority for the University over the past several years, with virtually every administrative and academic unit enlisted in various initiatives to reverse a prolonged, multi-year decline in campus enrollments at the undergraduate and graduate levels. The FY20 budget continues to support these efforts, which are currently guided by a strategic enrollment management committee. Of note is that for FY20, the campus is conducting a more stratified analysis of enrollment trends (first time, transfer, resident, non-resident, graduate, undergraduate, degree) to understand where growth is occurring and where declines are taking place. This stratified analysis is essential to projecting revenues, which is not actually driven by the simple aggregate headcount enrollment for the campus.

The Provost is actively working with the academic deans to ensure that faculty workloads are responsible, transparent, and aligned with collective bargaining agreement requirements and BOR policy. This has been a multi-year effort, and as reported in FY19, the campus has already deployed guidelines and appointment templates for faculty that specify minimum expectations for involvement in both education and research/scholarly work. There are increased expectations for externally-derived salary support for Research faculty.

The support and expansion of the UH Mānoa research enterprise continues to be a strategic priority for the campus. In order to advance UH Mānoa's research and creative work enterprise, our primary objective has been the increase in both the volume and impact of UH Mānoa research across disciplines by addressing five strategic areas:

1. Reducing Research Administrative Burden
2. Advancing Research Development
3. Addressing Research Facilities and Shared Resources
4. Expanding Student Research and Creative Works Campus-wide
5. Improving Communications about UH Mānoa's Research

FY19 saw the largest level of extramural research funding at UH Mānoa since the years of the federal stimulus program (ARRA) following the Great Recession.

### Performance Funding

The investment of Performance funds earned in FY19 was aimed at achieving several of the most impactful performance goals: the increase in enrollment of undergraduate and graduate students and the retention of those presently enrolled students. Funding was provided to the College of Natural Sciences to develop a Learning Assistant Program in several different disciplines, including Math, Chemistry, and Physics. These disciplines represent the most challenging courses for many UH Mānoa undergraduate students. The investment of Performance Funds produced immediate positive results, with higher success rates across many courses, and increases in student learning at virtually all levels.

Funds were additionally dedicated to the improvement of Academic Advising, via support for UH Mānoa's participation in a national pilot project, Excellence in Academic Advising, as well as an investment in the renovation of undergraduate advising space. UH Mānoa also invested in a program aimed at identifying and engaging with former UH Mānoa undergraduate students who for various reasons left the university prior to completing their degree, in some case with only a few courses remaining. This program, "Come Back to Mānoa," has already had significant success. Finally, investments were made in the Undergraduate Research Office's summer research program, which leveraged numerous sources of funding, including external federal support as well as foundation support, to enable several hundred UH Mānoa undergraduate students to stay on campus and participate in leading-edge research with our faculty. National studies have long indicated that involvement in research significantly improves both undergraduate retention and career success.

In FY20, campus Performance Funds will be deployed to support enrollment growth and the continued improvement of student learning, retention, and success. This will include an expansion of the Learning Assistant Program to additional challenging courses and disciplines. Investment in Academic Advising will focus on work to increase the transfer of students from the community colleges, thereby impacting both enrollment and student success. Investments will continue to support undergraduate involvement in research, and work with Enrollment Management will deploy resources in a fashion that will leverage existing scholarship funds to better produce enrollment growth at both the undergraduate and graduate levels.

### Strategic Enrollment Management

Tuition now represents nearly half the campus operating budget. As a result, the consistent declines in overall enrollment for the past four years presents a significant financial challenge. However, as a result of concerted campus-wide efforts, that decline slowed in 2017 for the first time since 2012, and in 2018 overall enrollment increased by 0.5%. Consistent with a conservative approach to budgeting, enrollment this year is projected as flat, as it is not yet clear if the increase last year was the beginning of an upward trend. This conservative projection for tuition revenue will be updated when the Fall 2019 numbers and distribution are known with greater certainty.

The campus is committed to increasing enrollment, not just for revenue purposes but in order to meet the needs of the State. This must include continuing improvement in retention and graduation rates, an area in which the campus has excelled. While college enrollment is down across the nation, it is clear that UH Mānoa can do more to increase enrollment, particularly since Hawai'i is one of the states that will not experience a significant decline in high school graduation numbers. Strategic enrollment management is a top priority for the entire campus with two explicit targets: to stop the enrollment decline in the short-term and to return to an enrollment of 20,000 in the longer-term.

Through the last UH Mānoa Strategic Plan, the campus had created a Strategic Planning for Admission and Recruitment Committee (SPARC) and a Student Engagement, Retention and Graduation (SERG) Committee. These were merged in 2017 to establish an integrated campus Strategic Enrollment Management Committee (SEMC) to holistically address UH Mānoa's immediate enrollment challenges and opportunities. The SEMC meets bi-weekly and focuses on immediate implementation of new and innovative initiatives that will improve UH Mānoa's overall enrollment. This has also brought together parties that have historically functioned in siloes, each addressing only part of the enrollment management imperative. It has also engaged faculty and administrators who have traditionally not been involved in enrollment management. Longer term, the reorganization of the campus administration will provide a unified focus on enrollment management.

In 2018, UH Mānoa contracted for assistance with a highly respected third party, EAB (formally Royall and Company). EAB has expertise in helping develop more targeted recruitment and will help the campus deploy improved use of analytics, branding and marketing. We expect to see results from this engagement beginning in 2020.

There is no immediate silver bullet to addressing what had been years of accelerating decline in enrollment, but following are examples of some additional actions completed and underway:

- With a focus on more strategically addressing the barrier of affordability and challenges to enrollment, the campus has centralized all tuition scholarship funds and the awarding and processing of the scholarships. This is replacing the historic distributed approach in which literally scores of offices had been awarding pockets of financial aid in isolation based on their own priorities and interests. (Completed)
- In the areas of branding and marketing, UH Mānoa is securing media/advertising opportunities at key channels and reviewing all marketing materials to ensure consistency in messaging and design. The focus of our digital/online strategies includes continuing to update our admissions pages and University webpages to the consistent design, connecting with targeted constituencies through a parent portal and a high school counselor portal, improved use of videos and imagery, and more extensive use of social media. (Ongoing)
- Every summer UH Mānoa is focusing on reducing the "melt" rate, which is the number of students who indicate by paying an enrollment deposit in the spring that they would be attending, but who do not actually enroll in the fall. In order to first stabilize the melt rate and then begin to lower it, UH Mānoa is maintaining communication with

students and their parents over the summer to help remove enrollment barriers and to keep students engaged throughout the summer.

- A summer melt communication plan was developed to include students, parents, school counselors, faculty and staff. Messages were sent via traditional mail, email and texting to continuously engage students throughout the summer. These efforts will be ongoing.
- New Student Orientation was free for the first time in 2018. For 2019, orientation program was condensed into one week, with an online component. The program was heavily attended and will hopefully be much more successful in binding new students to the campus and enhancing retention. (Completed for Fall 2019)
- A key focus for UH Mānoa is transfer student recruitment, where performance has also declined. This is a system-wide problem and UH Mānoa will be working with all UH campuses to identify and remove barriers to transferring within the System. This will include surveying prospective and admitted transfer students, developing a transfer student website, and hosting Transfer Days specifically for UH Community College students. (Ongoing)
- UH Mānoa is continuing to target recruitment efforts with our California and international recruiters to focus on our California Western Undergraduate Exchange (WUE) and international students, respectively. At the graduate level, the campus is continuing to build international partnerships, developing 3+2 pathways and internal 4+1 pathways for our UH Mānoa students to earn master's degrees. Work is also beginning to build relationships with military installations in Hawai'i for military-connected students. (Ongoing)
- The new marketing message "Make Mānoa Yours" now includes increased messaging for local students that from UH Mānoa, they can still travel to the mainland or abroad through our National Student Exchange, Study Abroad and international exchange programs. (Ongoing)
- Focused work is underway on building our local school counselor partnership via free professional development opportunities for school counselors over the summer and are hosting more counselor breakfasts for focus group facilitations. (Ongoing)
- New efforts to improve campus-wide retention include: fully deploying the Guided Pathways System (GPS), including providing information that drives priority scheduling of the courses students need to graduate; expansion of First Year programming; broader implementation of our early alert system; revisiting the distributed approach to Advising across the campus, and using predictive analytics for targeted intervention. (Ongoing)
- Finally, to the extent the condition of campus facilities is a barrier to enrollment, the infusion of additional resources into facilities from the tuition rate increase will allow us to make the campus more attractive and inviting to prospective students and parents. (Ongoing)



## BUDGET SUMMARY

### Overview

For all funds, UH Mānoa shows projected revenues of \$634,018,182 with projected expenditures of \$650,245,108. Discussion of the projected net operating loss follows presentation of the summary tables below. Tuition and Fee Special Fund is covered in a separate section following the discussion of all funds.

### ALL FUNDS

#### Revenues

Type of Fund	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
General Funds	\$252,615,982	\$252,984,131	(\$368,149)	-0.1%
Tuition & Fees	\$220,228,416	\$222,057,961	(\$1,829,545)	-0.8%
RTRF	\$31,593,816	\$23,655,874	\$7,937,942	33.6%
Other Special Funds	\$96,322,767	\$98,344,276	(\$2,021,509)	-2.1%
Other Revolving Funds	\$28,014,441	\$29,633,183	(\$1,618,742)	-5.5%
Appropriated Federal Funds	\$5,242,760	\$4,245,272	\$997,488	23.5%
<b>Total Revenues</b>	<b>\$634,018,182</b>	<b>\$630,920,697</b>	<b>\$3,097,485</b>	<b>0.5%</b>

Type of Fund	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
General Funds	\$252,984,131	\$246,964,205	\$6,019,926	2.4%
Tuition & Fees	\$222,057,961	\$225,628,719	(\$3,570,758)	-1.6%
RTRF	\$23,655,874	\$31,188,008	(\$7,532,134)	-24.2%
Other Special Funds	\$98,344,276	\$102,550,866	(\$4,206,590)	-4.1%
Other Revolving Funds	\$29,633,183	\$31,712,153	(\$2,078,970)	-6.6%
Appropriated Federal Funds	\$4,245,272	\$4,913,144	(\$667,872)	-13.6%
<b>Total Revenues</b>	<b>\$630,920,697</b>	<b>\$642,957,095</b>	<b>(\$12,036,398)</b>	<b>-1.9%</b>

When comparing the projected FY20 budget against FY19 actuals, revenue is expected to increase by \$3.1 million. RTRF appears to have a large increase from FY19 to FY20 but it is due to a timing issue of the campus not receiving all of FY19's revenue in that fiscal year. Had the revenue been received during the fiscal year, the variance would be minimal. General funds appear to decrease due to the Governor's restriction applied to FY20's appropriation even though collective bargaining augmentation was received. All other funds are projecting near flat revenue levels in comparison to FY19. Tuition and other revolving revenues associated with student activities fees are slightly lower due to conservative projections in enrollment levels and an accounting change in Outreach College.

Expenditures by Fund Type

Expenditures	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
General Funds	\$253,207,306	\$252,735,569	\$471,737	0.2%
Tuition & Fees	\$173,361,289	\$169,743,203	\$3,618,086	2.1%
RTRF	\$28,157,343	\$29,662,544	(\$1,505,201)	-5.1%
Other Special Funds	\$158,904,785	\$126,809,492	\$32,095,293	25.3%
Other Revolving Funds	\$31,841,092	\$28,098,829	\$3,742,263	13.3%
Appropriated Federal Funds	\$4,773,293	\$4,627,717	\$145,576	3.1%
<b>Total Expenditures</b>	<b>\$650,245,108</b>	<b>\$611,677,354</b>	<b>\$38,567,754</b>	<b>6.3%</b>

Expenditures	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
General Funds	\$252,735,569	\$247,726,593	\$5,008,976	2.0%
Tuition & Fees	\$169,743,203	\$172,027,877	(\$2,284,674)	-1.3%
RTRF	\$29,662,544	\$33,187,764	(\$3,525,220)	-10.6%
Other Special Funds	\$126,809,492	\$157,401,789	(\$30,592,297)	-19.4%
Other Revolving Funds	\$28,098,829	\$32,369,105	(\$4,270,276)	-13.2%
Appropriated Federal Funds	\$4,627,717	\$5,245,639	(\$617,922)	-11.8%
<b>Total Expenditures</b>	<b>\$611,677,354</b>	<b>\$647,958,767</b>	<b>(\$36,281,413)</b>	<b>-5.6%</b>

In comparison to FY19 actual expenditures, FY20 expenditures are projected to increase by 6.3% or \$38,567,754. This increase is largely attributable to increases from Other Special Funds, although all fund categories except RTRF show increases.

RTRF expenditures are conservatively projected. Units typically fully allocate out RTRF for expenses such as startup packages and other research initiatives. The expenditures generally take place over a multi-year period, but because they are fully allocated and the timing of the expenditures is difficult to determine, all allocated RTRF funds are projected to be spent in the coming year.

Expenditures from Other Special Funds at UH Mānoa are projected to increase in comparison to FY19. Three units are planning to have one time repair and replacement costs that contribute to the increased level of expenditures. These represent planned expenditures from reserves for which the units have “saved” over a multi-year period.

Campus Services

Campus Services has approximately \$2.8 million in planned repair and replacement expenditures in FY20. Repair and replacement costs are budgeted for Faculty Housing (Waahila and Kauiokahaloa Nui, \$1.8 million) and parking (\$932,000).

Office of Student Affairs

Student Housing under the Office of Student Affairs has planned repair and replacement expenditures in FY20 totaling about \$12 million. The majority of the renovation costs are for Hale Noelani totaling about \$8.7 million. The remainder are AC and gas line replacements at Frear Hall, fire system and roof repairs at Hale Wainani, and emergency stair replacement at Johnson Hall.

Student Life and Development

Student Life and Development has several one-time planned repair and replacement expenditures in FY20 totaling about \$7.8 million. Planned repairs and renovations are scheduled for the Campus Center complex and Hemenway Hall.

Other Revolving Funds expenditures are expected to be higher in FY20 than actuals in FY19. The majority of the increase is in units under the Office of Student Affairs. University Health Services has collective bargaining increases and employees returning from LWOP contributing to an increase of \$700,000 from FY19 as well as repair and maintenance costs totaling about \$2.4 million.

Expenditures by Category

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$384,401,964	\$371,703,930	\$12,698,034	3.4%
Lecturer Payroll	\$10,228,016	\$10,821,373	(\$593,357)	-5.5%
Student Help Payroll	\$11,946,299	\$11,260,033	\$686,266	6.1%
Other Personnel	\$5,654,828	\$3,280,723	\$2,374,105	72.4%
<i>Subtotal Personnel</i>	<i>\$412,231,107</i>	<i>\$397,066,059</i>	<i>\$15,165,048</i>	<i>3.8%</i>
Utilities	\$51,166,908	\$49,943,614	\$1,223,294	2.4%
Scholarships, Tuition	\$41,847,062	\$39,302,055	\$2,545,007	6.5%
Other Operating Expenses	\$145,000,031	\$125,365,627	\$19,634,404	15.7%
<i>Subtotal Other</i>	<i>\$238,014,001</i>	<i>\$214,611,295</i>	<i>\$23,402,706</i>	<i>10.9%</i>
<b>Total Expenditures</b>	<b>\$650,245,108</b>	<b>\$611,677,354</b>	<b>\$38,567,754</b>	<b>6.3%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$371,703,930	\$372,626,772	(\$922,842)	-0.2%
Lecturer Payroll	\$10,821,373	\$10,059,242	\$762,131	7.6%
Student Help Payroll	\$11,260,033	\$12,986,759	(\$1,726,726)	-13.3%
Other Personnel	\$3,280,723	\$9,753,534	(\$6,472,811)	-66.4%
<i>Subtotal Personnel</i>	<i>\$397,066,059</i>	<i>\$405,426,307</i>	<i>(\$8,360,248)</i>	<i>-2.1%</i>
Utilities	\$49,943,614	\$47,162,306	\$2,781,308	5.9%
Scholarships, Tuition	\$39,302,055	\$39,888,355	(\$586,300)	-1.5%
Other Operating Expenses	\$125,365,627	\$155,481,799	(\$30,116,172)	-19.4%
<i>Subtotal Other</i>	<i>\$214,611,295</i>	<i>\$242,532,460</i>	<i>(\$27,921,165)</i>	<i>-11.5%</i>
<b>Total Expenditures</b>	<b>\$611,677,354</b>	<b>\$647,958,767</b>	<b>(\$36,281,413)</b>	<b>-5.6%</b>

Net Operating Gain (Loss)

Net Operating Income	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
General Funds	\$0	\$0	\$0	
Tuition & Fees	(\$1,876,220)	\$1,385,498	(\$3,261,718)	-235.4%
RTRF	\$3,795,118	(\$7,806,605)	\$11,601,723	-148.6%
Other Special Funds	(\$23,965,185)	(\$13,033,156)	(\$10,932,029)	83.9%
Other Revolving Funds	(\$4,190,651)	(\$1,569,370)	(\$2,621,281)	167.0%
Appropriated Federal Funds	\$469,467	(\$382,445)	\$851,912	-222.8%
<b>Total NOI</b>	<b>(\$25,767,471)</b>	<b>(\$21,406,078)</b>	<b>(\$4,361,393)</b>	<b>20.4%</b>

Net Operating Income	FY19 Actual (est.)	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
General Funds	\$0	\$0	\$0	
Tuition & Fees	\$1,385,498	\$2,302,169	(\$916,671)	-39.8%
RTRF	(\$7,806,605)	(\$4,011,061)	(\$3,795,544)	94.6%
Other Special Funds	(\$13,033,156)	(\$17,947,704)	\$4,914,548	-27.4%
Other Revolving Funds	(\$1,569,370)	(\$885,011)	(\$684,359)	77.3%
Appropriated Federal Funds	(\$382,445)	\$156,112	(\$538,557)	-345.0%
<b>Total NOI</b>	<b>(\$21,406,078)</b>	<b>(\$20,385,495)</b>	<b>(\$1,020,583)</b>	<b>5.0%</b>

Net Operating is the difference between Revenue and the combined amount of Expenditures and Net Transfers (out).

Other Special Funds show a net operating loss of \$24.0 million for FY20, however overall Other Special Funds continue to maintain a healthy reserve. Although some funds are projecting positive net operating balances, these are offset by others with one time expenditures or other circumstances. This is attributable primarily to five funds: Athletics, Cancer Center, Campus Services, Office of Student Affairs, and Student Life and Development.

Athletics

As regularly reported upon, Athletics continues to show a structural operating deficit each year. Conservative current year projections show an operating deficit of \$4.3 million which similar to the deficit projected for FY19.

The Athletics Director is looking at a variety of options to increase revenues and decrease expenditures. These include achieving additional efficiencies within the Athletics Department, and a number of revenue enhancement measures including an improved retailing strategy, increased philanthropy, and potentially scheduling an additional football game each year. A new apparel contract and a new multiple-media contract have already been implemented. Longer term strategies under consideration include developing a lower campus master plan and facilities use adjustments that would enable greater revenue generating opportunities.

Cancer Center

The Cancer Center Special Fund shows a positive balance, but the Center projects an operating deficit for FY20. In addition to the multi-year decline in cigarette tax revenues pledged to the Center by the State, in FY20 the earmarked return of more than \$2 million of executive restrictions by the Governor to support Cancer Center operations was not budgeted. For FY20, the Center is projected deficit is \$2.2 million, reduced from as much as \$5.6 million in previous years.

Campus Services, Office of Student Affairs, Student Life and Development

As mentioned previously in the expenditure section, these three funds have repair and replacement costs that are funded by existing balances and thus reduce net operating income.

Other revolving funds are projected to have a net operating loss due to conservatively projected revenues in comparison to FY19's actuals and repair and maintenance costs against existing reserve balances.

Net Operating Gain (Loss)

<b>Net Operating Income (All Funds)</b>	<b>FY20 Projected</b>
Net Operating Income	(\$25,767,471)
Beginning Balance	\$167,962,930
Ending Balance	\$142,195,459
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$103,873,686
Revised Ending Balance	\$38,321,773
Reserve Requirement (5% Minimum)	\$32,780,184
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$5,541,589</b>

After the projected net operating loss of \$25.8 million, UH Mānoa is projected to have an ending balance of \$142.2 million. Much of this balance is already committed in the form of bond covenant requirements, repair and replacement reserve requirements (\$55.6 million), RTRF commitments (\$18.2 million), and student activities and unallocated/unearned Outreach tuition funds (\$30.1 million). The total of those adjustments is projected to be \$103.9 million in FY20. This revises the projected ending balance to be \$38.3 million, which remains above the 5% minimum reserve although well short of the 16% target reserve level of \$104.9 million.

## TUITION AND FEES SPECIAL FUND

Tuition and Fees Special Fund (TFSF) is projected to have revenues of \$220,228,416, expenditures of \$173,361,289 and net transfers of \$72,153,242. This results in a projected net operating loss of \$1,876,220.

### Revenues

FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
\$220,228,416	\$222,057,961	(\$1,829,545)	-0.8%	\$222,057,961	\$225,628,719	(\$3,570,758)	-1.6%

FY20 tuition is projected to be \$1.8 million less than what was estimated in FY19 due to a conservative estimate for enrollment and an accounting change in Outreach College revenue. Despite a slight increase in the tuition rates (equivalent to about 2% for resident rates and the equivalent dollar amount for non-resident rates) and IRAO projecting a slight 0.9% enrollment increase across all student types, the regular term revenue projection used a flat enrollment projection in order to consider the effects of changing in the student population mix.

Outreach College is also projecting lower revenue and expenditure levels in FY20 due to an accounting change involving their fee assessed to programs. The fees that were assessed to the units in the past are instead going to be taken off the top from revenue prior to being returned to the units. The change reduces revenue and expenditures by about \$7 million.

### Expenditures

FY20 expenditures are projected to increase by about 2.1% in comparison to FY19 actuals. Increased collective bargaining and fringe costs attribute to the increase in personnel expenditures. Fringe benefits increased from a composite rate of 59.07% original estimated rate in FY19 to 62.49% in FY20. Utilities paid on tuition is projected to be lower than FY19 due to reflecting how the campus typically utilizes some general funds each year for utilities to maximize the use of general funds.

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$78,377,987	\$68,815,428	\$9,562,559	13.9%
Lecturer Payroll	\$9,719,245	\$1,603,490	\$8,115,755	506.1%
Student Help Payroll	\$5,066,254	\$10,257,591	(\$5,191,337)	-50.6%
Other Personnel	\$2,570,512	\$5,396,905	(\$2,826,393)	-52.4%
<i>Subtotal Personnel</i>	<i>\$95,733,998</i>	<i>\$86,073,414</i>	<i>\$9,660,584</i>	<i>11.2%</i>
Utilities	\$30,856,650	\$33,973,884	(\$3,117,234)	-9.2%
Scholarships, Tuition	\$2,144,549	\$1,930,781	\$213,768	11.1%
Other Operating Expenses	\$44,626,092	\$47,765,123	(\$3,139,031)	-6.6%
<i>Subtotal Other</i>	<i>\$77,627,291</i>	<i>\$83,669,788</i>	<i>(\$6,042,497)</i>	<i>-7.2%</i>
<b>Total Expenditures</b>	<b>\$173,361,289</b>	<b>\$169,743,202</b>	<b>\$3,618,087</b>	<b>2.1%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$68,815,428	\$75,124,349	(\$6,308,921)	-8.4%
Lecturer Payroll	\$1,603,490	\$9,484,856	(\$7,881,366)	-83.1%
Student Help Payroll	\$10,257,591	\$6,282,460	\$3,975,131	63.3%
Other Personnel	\$5,396,905	\$2,739,578	\$2,657,327	97.0%
<b>Subtotal Personnel</b>	<b>\$86,073,414</b>	<b>\$93,631,243</b>	<b>(\$7,557,829)</b>	<b>-8.1%</b>
Utilities	\$33,973,884	\$31,698,122	\$2,275,762	7.2%
Scholarships, Tuition	\$1,930,781	\$795,610	\$1,135,171	142.7%
Other Operating Expenses	\$47,765,123	\$45,902,902	\$1,862,221	4.1%
<b>Subtotal Other</b>	<b>\$83,669,788</b>	<b>\$78,396,634</b>	<b>\$5,273,154</b>	<b>6.7%</b>
<b>Total Expenditures</b>	<b>\$169,743,202</b>	<b>\$172,027,877</b>	<b>(\$2,284,675)</b>	<b>-1.3%</b>

Net Operating Gain (Loss)

Net Operating Income (TFSF)	FY20 Projected
Net Operating Income	(\$1,876,220)
Beginning Balance	\$44,888,092
Ending Balance	\$43,011,872
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$28,235,659
Revised Ending Balance	\$14,776,213
Reserve Requirement (5% Minimum)	\$23,765,597
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>(\$8,989,384)</b>

In FY20, TFSF is projected to have a net operating loss of \$1.9 million, which still places the ending balance above the 5% minimum reserve requirement of \$23.8 million outlined in Executive Policy. It is also below the 16% reserve target of \$76.0 million. The negative operating income can be attributed to Outreach College catching up on transfers that did not occur in FY19 that will now take place in FY20 and certain units having authorization to spend carryover funds for strategic initiatives. This is offset by some units having small operating carryover amounts.

Since the Outreach Summer and Credit program balances have not either been earned yet or proceeds were not yet distributed, this amount is used to calculate an adjusted ending balance. This adjusted ending balance is slightly below the required 5% minimum reserve requirement.

## University of Hawai'i at Hilo

### Introduction

UH Hilo is a comprehensive, regional university serving 3,327 students on a 120-acre main campus. The primary focus of the campus is to provide high quality baccalaureate and select postgraduate education. In carrying out this mission, UH Hilo offers 36 undergraduate degrees, 7 graduate degrees, 2 doctoral degrees, and 2 professional degrees that take advantage of the unique physical and social characteristics of the island, attracting students who are qualified for baccalaureate entry and seek opportunities for highly engaging and experiential learning. This includes first-generation and non-traditional students, some of whom attend part-time.

While a primary target for UH Hilo is residents of Hawai'i Island, its quality programs are attractive to prospective students from other islands, the Pacific, the mainland U.S. and other countries. University-bound students from O'ahu in particular may select UH Hilo not only for its distinctive undergraduate programs but also for its rural setting, affordability, intimate character, or to leave home without leaving the State.

Through redeployment of resources, UH Hilo's budget planning for FY20 reflects strategic enrollment management priorities of recruitment, retention, and co-curricular program development with focus on target populations. Included in budget planning for FY20 are initiatives to increase energy efficiency and improve and modernize campus facilities.

### ALL FUNDS

#### Revenues

Type of Fund	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
General Funds	\$37,977,733	\$37,689,091	\$288,642	0.8%
Tuition & Fees	\$32,153,039	\$34,356,133	(\$2,203,094)	-6.4%
RTRF	\$2,559,140	\$2,316,652	\$242,488	10.5%
Other Special Funds	\$8,903,807	\$8,450,781	\$453,026	5.4%
Other Revolving Funds	\$2,009,896	\$2,110,700	(\$100,804)	-4.8%
Appropriated Federal Funds	\$291,557	\$312,199	(\$20,642)	-6.6%
<b>Total Revenues</b>	<b>\$83,895,172</b>	<b>\$85,235,556</b>	<b>(\$1,340,384)</b>	<b>-1.6%</b>

Type of Fund	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
General Funds	\$37,689,091	\$37,090,875	\$598,216	1.6%
Tuition & Fees	\$34,356,133	\$34,485,668	(\$129,535)	-0.4%
RTRF	\$2,316,652	\$1,920,380	\$396,272	20.6%
Other Special Funds	\$8,450,781	\$8,176,406	\$274,375	3.4%
Other Revolving Funds	\$2,110,700	\$2,093,228	\$17,472	0.8%
Appropriated Federal Funds	\$312,199	\$300,509	\$11,690	3.9%
<b>Total Revenues</b>	<b>\$85,235,556</b>	<b>\$84,067,066</b>	<b>\$1,168,490</b>	<b>1.4%</b>



Across all funds, revenues are projected to decrease by 1.6% when compared to actual FY19 collections. Despite a 1.0% increase in tuition rates, Tuition and Fees revenue is planned to be \$2.2 million less than FY19 actuals due to enrollment decline. RTRF is projected to increase by 10.5% due to an increase in extramurally funded expenditures. Other Special Fund revenue is projected to increase by 5.4% and Revolving Fund revenue is projected to decrease by 4.8% when compared with actual FY19 revenue. The increase in Other Special Fund revenue is due to a projected increase in residence hall occupancy and lease revenue while the decrease in Other Revolving Fund revenue is due to the projected decline in enrollment.

#### Expenditures

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$45,376,103	\$44,114,934	\$1,261,169	2.9%
Lecturer Payroll	\$2,384,571	\$2,476,983	(\$92,412)	-3.7%
Student Help Payroll	\$2,530,071	\$2,377,870	\$152,201	6.4%
Other Personnel	\$1,695,998	\$1,701,491	(\$5,493)	-0.3%
<i>Subtotal Personnel</i>	<i>\$51,986,743</i>	<i>\$50,671,279</i>	<i>\$1,315,464</i>	<i>2.6%</i>
Utilities	\$5,756,110	\$4,836,021	\$920,089	19.0%
Scholarships, Tuition	\$7,269,055	\$7,250,487	\$18,568	0.3%
Other Operating Expenses	\$19,773,642	\$16,709,602	\$3,064,040	18.3%
<i>Subtotal Other</i>	<i>\$32,798,807</i>	<i>\$28,796,110</i>	<i>\$4,002,697</i>	<i>13.9%</i>
<b>Total Expenditures</b>	<b>\$84,785,550</b>	<b>\$79,467,389</b>	<b>\$5,318,161</b>	<b>6.7%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$44,114,934	\$44,677,216	(\$562,282)	-1.3%
Lecturer Payroll	\$2,476,983	\$1,973,019	\$503,964	25.5%
Student Help Payroll	\$2,377,870	\$2,327,672	\$50,198	2.2%
Other Personnel	\$1,701,491	\$1,408,515	\$292,976	20.8%
<i>Subtotal Personnel</i>	<i>\$50,671,279</i>	<i>\$50,386,422</i>	<i>\$284,857</i>	<i>0.6%</i>
Utilities	\$4,836,021	\$5,503,704	(\$667,683)	-12.1%
Scholarships, Tuition	\$7,250,487	\$7,255,340	(\$4,853)	-0.1%
Other Operating Expenses	\$16,709,602	\$21,473,176	(\$4,763,574)	-22.2%
<i>Subtotal Other</i>	<i>\$28,796,110</i>	<i>\$34,232,220</i>	<i>(\$5,436,110)</i>	<i>-15.9%</i>
<b>Total Expenditures</b>	<b>\$79,467,389</b>	<b>\$84,618,642</b>	<b>(\$5,151,253)</b>	<b>-6.1%</b>

Overall, expenditures are projected to be 6.7% more compared to actual FY19 expenditures but relatively flat as compared to what was budgeted in FY19. Regular employee payroll is projected to increase by 2.9% due to collective bargaining increases. The projected FY20 utilities budget is 19% more than actual in FY19 because the budgeted amount is gross of any energy savings realized during the fiscal year, reimbursement from other funds and potential rate increase. Although other operating expenses seem to increase when compared to

actual FY19 expenditures, when factoring in the encumbrances for FY19, there is a decrease of about 19%.

The expenditure budget includes performance based funding to support recruitment of transfer students, and initiatives to help retain and graduate students. Improvements will also be made to campus technology, including upgrading wireless connectivity, classroom AV capability, and computer lab equipment. It also includes the funding of RIM projects from the tuition rate increase.

Net Operating Gain (Loss)

<b>Net Operating Income (All)</b>	<b>FY20 Projected</b>
Net Operating Income	(\$3,288,972)
Beginning Balance	\$27,425,405
Ending Balance	\$24,136,433
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$9,400,000
Revised Ending Balance	\$14,736,433
Reserve Requirement (5% Minimum)	\$4,330,256
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$10,406,177</b>

Pursuant to Executive Policy EP2.212, a cash balance is maintained by the Revenue Undertaking Special Fund for a repair and replacement reserve. An amount equal to 50% of its depreciation expense for the preceding fiscal year is transferred into this fund for Student Housing, Food Service, and DKICP projects. Balances are also held for reducing the deferred maintenance backlog, repairing, maintaining, and replacing facility and equipment for revenue generating units, i.e., Student Life Center, and improving student engagement and retention. In total, this reserve requirement is \$9.4 million.

Although UH Hilo proposes to spend \$3.3 million more than its revenues for FY20 to cover planned expenditures and to fund one-time expenses, the remaining balance of \$14.7 million is still above the minimum threshold.

**TUITION AND FEES SPECIAL FUND**

Revenues

FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
\$32,153,039	\$34,356,133	(\$2,203,094)	-6.4%	\$34,356,133	\$34,485,668	(\$129,535)	-0.4%

Tuition and Fee revenues are planned to be 6.4% less than the FY19 actual amount due to a projected enrollment decline.

Expenditures

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$6,847,756	\$6,203,229	\$644,527	10.4%
Lecturer Payroll	\$2,295,848	\$2,354,090	(\$58,242)	-2.5%
Student Help Payroll	\$994,365	\$974,536	\$19,829	2.0%
Other Personnel	\$1,210,000	\$1,203,987	\$6,013	0.5%
<i>Subtotal Personnel</i>	<i>\$11,347,969</i>	<i>\$10,735,842</i>	<i>\$612,127</i>	<i>5.7%</i>
Utilities	\$4,810,850	\$3,861,972	\$948,878	24.6%
Scholarships, Tuition	\$545,000	\$538,029	\$6,971	1.3%
Other Operating Expenses	\$10,210,702	\$7,876,243	\$2,334,459	29.6%
<i>Subtotal Other</i>	<i>\$15,566,552</i>	<i>\$12,276,244</i>	<i>\$3,290,308</i>	<i>26.8%</i>
<b>Total Expenditures</b>	<b>\$26,914,521</b>	<b>\$23,012,086</b>	<b>\$3,902,435</b>	<b>17.0%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$6,203,229	\$6,910,304	(\$707,075)	-10.2%
Lecturer Payroll	\$2,354,090	\$1,757,792	\$596,298	33.9%
Student Help Payroll	\$974,536	\$911,564	\$62,972	6.9%
Other Personnel	\$1,203,987	\$1,186,240	\$17,747	1.5%
<i>Subtotal Personnel</i>	<i>\$10,735,842</i>	<i>\$10,765,900</i>	<i>(\$30,058)</i>	<i>-0.3%</i>
Utilities	\$3,861,972	\$4,525,000	(\$663,028)	-14.7%
Scholarships, Tuition	\$538,029	\$575,000	(\$36,971)	-6.4%
Other Operating Expenses	\$7,876,243	\$12,438,897	(\$4,562,654)	-36.7%
<i>Subtotal Other</i>	<i>\$12,276,244</i>	<i>\$17,538,897</i>	<i>(\$5,262,653)</i>	<i>-30.0%</i>
<b>Total Expenditures</b>	<b>\$23,012,086</b>	<b>\$28,304,797</b>	<b>(\$5,292,711)</b>	<b>-18.7%</b>

Although FY20 expenditures are projected to exceed FY19 actual expenditures by \$3.9 million, this is still \$1.4 million less than FY19 budgeted amounts. Regular employee payroll is planned to be more in FY20 compared to actual expenditures in FY19 due to collective bargaining and fringe benefit increases. The projected FY20 utilities budget is 25% more than actual in FY19 because the budgeted amount is gross of any energy savings realized during the fiscal year, reimbursement from other funds, and potential rate increase. Although other operating expenses seem to increase by 30% when compared to actual FY19 expenditures, when factoring in the encumbrances for FY19, there is a decrease of about 25%.

Net Operating Gain (Loss)

<b>Net Operating Income (TFSF)</b>	<b>FY20 Projected</b>
Net Operating Income	<b>(\$2,545,498)</b>
Beginning Balance	\$18,145,598
Ending Balance	\$15,600,100
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$2,000,000
Revised Ending Balance	\$13,600,100
Reserve Requirement (5% Minimum)	\$3,619,441
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$9,980,659</b>

UH Hilo proposes to spend \$2.5 million more than its revenues for FY20 to cover planned commitments and one-time expenses (see below). Even with this net operating loss, UH Hilo's TFSF ending balance is \$13.6 million, which represents approximately 18.8% of annual expenditures.

**Carry-over Commitments:**

**\$992,000 - renew, improve and modernize (RIM)**

The Facilities Planning and Construction Management Office will continue to complete capital renewal, improvement and modernization projects. This amount of \$992,000 represents funds that were carried forward from FY19 and will be used together with current year funds for renovating the College of Agriculture, Forestry and Natural Resource Management's Equine Science facility and to remove and replace three 75 gallon gas water heaters located in the campus center kitchen facility.

**\$818,098 - energy efficiency reinvestment**

UH Hilo has established a special energy reinvestment account. \$818,098 is the remaining balance from funds that were budgeted in FY19. It is earmarked for projects that will result in lowering energy costs. Funds will be used to replace the air conditioning equipment in the Computing Center with energy efficient units and also to purchase energy efficient light fixtures.

**One-time expenses:**

**\$200,000 – financial aid retention through employment**

For the third consecutive year, UH Hilo plans to raise retention and persistence through increased on-campus student employment opportunities. Research indicates that a coordinated on-campus employment program, which engages student employees with their peers as well as faculty and professional staff as mentors and supervisors, would support retention and graduation. Annual assessments will guide continuation and institutionalization of this initiative.

### **\$242,100– student recruitment**

UH Hilo plans to partially fund the contracted services of EAB to provide:

- 1) Year-Round Search program that includes communication with high school sophomores and juniors whose characteristics make them a strong potential match for UH Hilo;
- 2) Senior Marketing Program that includes communication with high school seniors who are desirable candidates for admission and enrollment; and
- 3) Yield Enhancement Program that includes increased communication with admitted students.

EAB’s offerings are comprehensive, targeting key challenges at each stage of the recruitment process from inquiry to yield management. This level of comprehensiveness ensures close coordination between different recruitment activities, minimizes wasted time and labor, and enables shared learning across the different phases of recruitment.

### **\$160,000 – Aeronautical Science B.S. Program**

In November 2018, the board approved the Aeronautical Science B.S. program. Funds will be used for start-up costs that include course development, advising, student recruitment, marketing and new library resource materials.

### **\$133,300 – National Recruitment for Executive Positions**

The Vice Chancellor for Academic Affairs and three Dean positions have been filled with interim appointments for several years. Funds will be used to conduct national searches to fill these critical campus positions.

## **ENROLLMENT MANAGEMENT**

UH Hilo continues our enrollment management work with an integrated, strategic, and holistic view of student success, and we have made gains in establishing best practices. For the first time in several years, admission and registration data are showing slight increases for freshmen and transfer students. We remain committed to student outreach with an individualized high-touch approach, especially as we look at ways to increase engagement and connection with our continuing students. Through careful planning and continued position control the campus is redeploying resources to support success for all of our students.

Actions planned for FY20:

- **Continue partnership with Education Advisory Board (EAB)**

While much progress has been made on our contract with EAB, there are many areas where additional efficiencies can be made to improve operations. For the 2019-20 campaigns, adjustments to language and process will better align EAB messaging and outreach with Admissions process and practices. Work continues on redesigning our ‘completion communications’ to more clearly inform applicants and support application completion. We will continue to work with System counterparts to find efficiencies to meet the increased volume of contact and documents created by our expanded outreach. Final enrollment data will help assess the Return on Investment of the partnership.

- **Expand and enhance digital outreach (email, web, and social media)**  
 Last year, the Admissions Office launched EAB’s Decision IQ campaign for accepted first-time freshmen, consisting of a series of email contacts to drive yield of accepted students. More than 800 students received a series of up to seven messages asking for their decision on enrollment at UH Hilo. We have continued the Decision IQ campaign for Fall 2019. Additionally, the Admissions Office will continue a mobile advertising campaign across UH community college campuses and select U.S. mainland campuses. Last year, more than 700,000 mobile impressions ran across eight campuses, collecting nearly 4,000 “click-thrus” to the University website and ‘apply’ page. We hope to increase our reach in the coming year.
- **Fully implement texting communications for accepted students**  
 Text messaging is proving to be a powerful communication tool for recruitment and enrollment. This year we expanded use of the service, sending more than 23,000 messages to 1800+ students (Spring and Fall combined). We are making adjustments to workload and calendar to increase Admissions Counselor use of this powerful tool. We will continue to pursue more effective methods of communication, such as API integration, by working with System counterparts to implement new technologies.
- **Adjust awarding of institutional aid to support retention**  
 Last year, offices of Financial Aid and the Vice Chancellor for Student Affairs developed a pilot Retention Grant Program to assist students with outstanding account balances. Financial Aid appointed a casual hire financial aid counselor to contact and assist students who owed an outstanding balance for prior semesters. Students were encouraged to apply for and maximize financial aid. Once all other financial aid options were exhausted, students were able to apply for a Retention Grant. Successful candidates received assistance to pay financial obligations so they could be retained and enroll for the next semester. We will continue the Retention Grant Program and will determine effectiveness of this pilot program and if successful, determine how to sustain the program for future years.
- **Increase communication and access to financial aid information**  
 We are working to increase communication efforts related to financial aid availability by 10% each year. Last year, UH Hilo implemented Financial Aid TV’s GetAnswers, an online library of over 600 video clips (60-90 seconds each) that are accessible on demand, 24/7. GetAnswers videos communicate complex financial aid information to current and prospective students and parents in an easy to understand style. The videos cover a wide array of topics that include financial aid, financial literacy, loans, grants, scholarships and more. GetAnswers allows users to easily find pertinent videos through audience segmentation, categorization and related content. We plan to continue integrating GetAnswers videos as a tool for staff to communicate complex financial aid concepts in an easy to understand format. An additional program offered along with GetAnswers is an interactive Chatbot. The chatbot has a library of 900+ financial aid/literacy answers and provides an interactive way for students to ask questions electronically.
- **Increase strategic use of financial aid for optimal enrollment**  
 The number of students qualifying for Raise.me micro-scholarships more than quadrupled from the first to second year of implementation. We plan to continue advertising the micro-scholarship opportunities by spending more time in the high schools informing students and counselors about the program. We will be working to be able to auto load

Raise me high school student contacts into Banner to increase effectiveness. To sustain this effort, we will be identifying a more permanent source of personnel support.

- **Fully implement Transfer Center**

Establishment of a Transfer Center is key to addressing the needs of transfer students. The Center will focus on work with prospective transfer students and campus offices to inform onboarding activities. Development of transfer services will focus on establishing and expanding orientation offerings for transfer students, in addition to engaging transfer students early with campus resources.

- **Increase UH Community College Transfer Events/Recruitment**

UH Hilo will continue to work in partnership with UH community colleges to participate in transfer events throughout the year. Better data reporting and data tools are needed to properly measure the impact. The Transfer Center and an expanded data team on campus will help with these needs.

- **Increase number of 2+2 pathways available**

Administration of Justice will complete development of the DL 2+2 pathways with Honolulu CC and Maui College. Work will continue on the 2+2 pathway with Hawai'i Community College. Possible 2+2 pathways will be explored with Hawai'i Community College for students interested in Sociology and Aquaculture.

- **Increase participation in peer mentoring program for new freshmen and transfer students**

One full year of implementation with the peer mentoring program from Mentor Collective allowed us to collect data of student interactions and outcomes, which helped us identify areas where we need to focus more attention to meet student needs. Our students were interacting about academics, socializing, and getting involved. They were also identifying red flags for us to monitor in the areas of being homesick, having test anxiety, and in building and keeping relationships. We plan to start the program a little sooner this year to allow students to engage earlier. Our hope is that interaction will happen even prior to arriving on campus. In this way, we hope to provide students with a better experience from the moment they step foot on campus.

- **Enhance Living Learning Communities (LLC) and University success courses (UNI 101/UNI 194)**

UH Hilo currently offers six thematic LLC's in University Housing, which are each tied to a corresponding UNI 101 course, taught by instructional faculty. Continuity of the leadership and instructional team will be better this year with four of six instructors returning, and both coordinators in their second year of leading the LLC program. Most instructors now have one year of experience and we are collecting ideas for best practices from them to better serve the first-year students in this program.

- **Develop a service learning/community engagement program across all academic units**

UH Hilo completed its reorganization of the College of Continuing Education and Community Service (CCECS) into the Center for Community Engagement (CCE). CCE is focused on building awareness of community-engaged teaching as a pedagogical approach. Professional development will be provided to a cohort of faculty members to learn about community-

engaged teaching, develop a community partnership, and implement a community-driven project into one of their courses in Spring 2020.

- **Implement Purpose First integrating major choice, career exploration and employment advising**

UH Hilo continues implementation of purpose first, helping students find the right major and a career path that suits their interest. Departments have begun mapping career education into specialized courses or into curriculum throughout the entire major. We will work on creating departmental maps of career learning for each program beginning with the College of Business and Economics (CoBE). Maps will highlight careers related to degree programs, show classes that include education about career paths across the four-year curriculum, and contain links to workforce information. To assist students interested in health careers we replaced Pre-Nursing with the Exploratory Health Sciences meta-major that leads into three health-related degree programs. In the coming year, we are hiring a professional advisor to oversee this program and also advising students interested in Pharmacy and Medical degrees.

- **Expand peer advising and peer tutoring / learning assistants with a focus on freshmen**

UH Hilo will continue support for its successful peer tutoring program in ENG 100 and 100T courses. This program closely mirrors the first-year English course co-requisite model endorsed by Complete College America (CCA). In the STEM fields, UH Hilo will continue to support the learning assistants for gateway Calculus and Physics classes as well as some support in chemistry courses for the life sciences. We will evaluate the results of these proto-type efforts and determine if they are increasing retention in these fields as well as decreasing the time to degree. We will review and if necessary redesign the use of learning assistants depending on course pass rates.

- **Establish retention data for individual programs and work with departments to identify ways to increase persistence**

The Institutional Research Office will create tools that will allow faculty to more easily track their students. We are experimenting with different ways to present recruitment and retention data along with transfer and graduation data. The goal is to give faculty members the ability to manage enrollment and assess whether their program has supply limitations (recruiting for freshman and transfers) or retention issues. We will also continue evaluating degree curriculum to make sure that course maps align with degree requirements and course offerings to optimize paths to degrees for students.

- **Create an undergraduate distance learning program with established majors and General Education courses to support them**

Reorganized the Office of Technology and Distant Learning (DL) to create two positions dedicated to DL support. We will continue to work with departments to create strategic DL offerings to pair with 2+2 programs and to assist students in reaching their degree goals on time. An inventory of 89 DL courses, including 38 courses meeting general education requirements, was completed. In the summer of 2019, additional classrooms are being upgraded for distance learning use. One of the upgraded classrooms will be used for DL courses within the 2+2 Administration of Justice program being arranged with Maui College, Honolulu Community College, and Hawai'i Community College as transfer partners.



# University of Hawai'i West O'ahu

## Introduction

The University of Hawai'i West O'ahu (UHWO) offers a distinct, student/learner-centered baccalaureate education that integrates liberal arts, social sciences, and STEM with professional and applied fields. As a diverse and inclusive indigenous-inspired institution, UHWO embraces Native Hawaiian traditional and cultural practices while simultaneously providing a dynamic learning environment where students of all ethnic backgrounds are valued and have opportunities to learn, discover and innovate, and engage in substantive community programs as they become our 21<sup>st</sup> Century leaders.

## STRATEGIC PRIORITIES

UHWO completed its 1<sup>st</sup> Year of Phase I of the Strategic Action Plan (SAP), which sought to: (1) assess the strengths, weaknesses, opportunities, and threats to our organization (SWOT); (2) in light of this SWOT analysis, begin to prioritize efforts and identify outcomes that meet the goals and objectives of our SAP, and (3) operationalize tactics that strengthen and grow our enterprise. In Year 2 of Phase I of the SAP, we will prioritize action initiatives around the following pursuits:

- Strengthen Student Services
  - Focus on strengthening Enrollment Services by building effective structures and processes to increase enrollment.
  - Strengthening Community College Transfer Programs and Returning Adult Programs.
  - Student Affairs and Academic Affairs will continue to strengthen and grow Early College vertical pathways with our high school academies and summer bridge programs.
- Advancing our Academic Development
  - Invest in developing our Distance Education Program.
  - Strengthen our capacity to grow our new and signature concentrations, e.g., STEM (Applied Mathematics, Life Sciences, Health Sciences), Creative Media, Sustainable Community Food Systems, Accounting, Information Security and Assurance, Hospitality & Tourism, Disaster Preparedness & Emergency Management, Health Care Administration, Psychology, Education/Teacher Preparation and others.
  - The Office of the Vice Chancellor for Academic Affairs (OVCAA), the Office of the Vice Chancellor for Administration (OVCA) and the Office of the Vice Chancellor for Student Affairs (OVCSA) will work collaboratively to support the Office for Professional Development and Academic Services (OPDAS) to provide more professional development for faculty and staff. In addition, to work collaboratively with the Institute for Engaged Scholarship (IES) to grow our scholarship efforts and extramural funding capacities.
- Increase our Capacity to Grow Our Assets and Manage our Resources
  - OVCA will work collaboratively with OVCAA and OVCSA to invest in renovation and innovation with a focus on IT.

- Advance our UHWO Campus Land Plan: infrastructure plan, plan for funding of new facilities on campus, and continued work with Vice President for Administration on University District land.
- Work with our UH Foundation partners to increase our donor base and grow an active UHWO Alumni.
- Strengthen our communications and compliance efforts.

Note: The SAP attends to BOR Integrated Academic and Facilities Plan (IAFP), UH System Strategic Directives, and UHWO Mission and Accreditation. The SAP includes an Integrated Academic, Enrollment Management, Land/Facilities Proposed Plan, Budget and Evaluation/Accreditation Plan. The SAP will be implemented in three (3) phases: Phase I (2018-2020), Phase II (2021-2024), and Phase III (2025-2028). The details of each of the implementation phases are thoroughly defined in Phase Operational Plans.

## **ENROLLMENT**

There are areas where we have built strong foundational principles and will continue to invest in these forward moving, student-centered programs.

1. Retention: Continued efforts to retain students through strengthening our current programs, which are based on best practices. In addition, to utilize predictive analytics to boost retention our IR and Financial Aid offices will partner to improve both recruitment and retention modeling as well as define how to distribute this information to actionable and nuanced programming.
2. Early College: Continued investment and efforts to work with our regional high schools to build vertically aligned programs from high school academies to UHWO degrees/concentrations, e.g., STEM, Creative Media, Social Sciences, Education, etc.
3. Student GPS: Continued effort to develop the power and comprehensiveness of our student GPS dashboard and to refine and extend our use of this information by faculty, student services, staff to support the success of all students.
4. Financial Aid: Continue to strengthen the processes and compliance efforts of this integral unit.

As a regionally responsive baccalaureate university, we will be developing and implementing a comprehensive recruitment strategy through collaboration between the OVCSA and OVCAA, and with the support of EAB Global, Inc services. A pilot structure will guide our work with cross-collaborative teams focused on: (1) first-time freshmen recruitment, which include EAB efforts across Hawai'i and UHWO "Owning Our Region" efforts (in-school FAFSA, financial literacy, and direct recruitment); (2) focus on transfer programs with our community colleges; (3) increased effort to attract returning adults, veterans, non-traditional students through online learning/distance education and short and/or accelerated programs; and (4) initiating programs that will attract active military.

**BUDGET SUMMARY  
ALL FUNDS**

Revenues

Type of Fund	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
General Funds	\$18,291,413	\$17,738,937	\$552,476	3.1%
Tuition & Fees	\$18,291,214	\$17,895,368	\$395,846	2.2%
RTRF	\$254,520	\$327,988	(\$73,468)	-22.4%
Other Special Funds	\$286,700	\$341,411	(\$54,711)	-16.0%
Other Revolving Funds	\$879,500	\$854,813	\$24,687	2.9%
Appropriated Federal Funds	\$100,000	\$94,238	\$5,762	6.1%
<b>Total Revenues</b>	<b>\$38,103,347</b>	<b>\$37,252,755</b>	<b>\$850,592</b>	<b>2.3%</b>

Type of Fund	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
General Funds	\$17,738,937	\$17,172,898	\$566,039	3.3%
Tuition & Fees	\$17,895,368	\$18,161,521	(\$266,153)	-1.5%
RTRF	\$327,988	\$370,000	(\$42,012)	-11.4%
Other Special Funds	\$341,411	\$469,775	(\$128,364)	-27.3%
Other Revolving Funds	\$854,813	\$794,692	\$60,121	7.6%
Appropriated Federal Funds	\$94,238	\$80,000	\$14,238	17.8%
<b>Total Revenues</b>	<b>\$37,252,755</b>	<b>\$37,048,886</b>	<b>\$203,869</b>	<b>0.6%</b>

Across all funds, revenues during FY20 are projected to increase by 2.3% when compared to the actual FY19 collections. General Funds will mainly be augmented with an estimated \$201,046 in performance funding, \$67,910 to support the Academy of Creative Media (ACM) program, and \$44,724 to support the Na Pua Noeau program. An estimated 5% restriction of \$253,823 on General Funds is also projected.

Tuition revenue is projected to increase by 2.2% estimating a 1.2% enrollment increase per IRAO data and a 1% tuition rate increase. FY20 RTRF revenue projection decreased due to the one-time support for SEED projects received in FY19. Other Special Funds revenue is projected to decrease in FY20 by 16% mainly due to the International Program activities (challenges encountered by the program such as housing issues, rebounding of volcanic issues, and the implementation of new programs). The Ulu Ulu Special Fund program will also experience a planned decrease in revenue as stated in the signed agreement.

Expenditures

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$21,373,696	\$21,232,651	\$141,045	0.7%
Lecturer Payroll	\$2,726,973	\$2,730,895	(\$3,922)	-0.1%
Student Help Payroll	\$641,500	\$662,539	(\$21,039)	-3.2%
Other Personnel	\$437,200	\$360,910	\$76,290	21.1%
<i>Subtotal Personnel</i>	<i>\$25,179,369</i>	<i>\$24,986,996</i>	<i>\$192,373</i>	<i>0.8%</i>
Utilities	\$5,740,606	\$1,010,666	\$4,729,940	468.0%
Scholarships, Tuition	\$2,591,500	\$2,093,157	\$498,343	23.8%
Other Operating Expenses	\$4,309,157	\$2,555,600	\$1,753,557	68.6%
<i>Subtotal Other</i>	<i>\$12,641,263</i>	<i>\$5,659,423</i>	<i>\$6,981,840</i>	<i>123.4%</i>
<b>Total Expenditures</b>	<b>\$37,820,632</b>	<b>\$30,646,419</b>	<b>\$7,174,213</b>	<b>23.4%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$21,232,651	\$21,851,127	(\$618,476)	-2.8%
Lecturer Payroll	\$2,730,895	\$2,681,032	\$49,863	1.9%
Student Help Payroll	\$662,539	\$607,227	\$55,312	9.1%
Other Personnel	\$360,910	\$404,900	(\$43,990)	-10.9%
<i>Subtotal Personnel</i>	<i>\$24,986,996</i>	<i>\$25,544,286</i>	<i>(\$557,290)</i>	<i>-2.2%</i>
Utilities	\$1,010,666	\$1,235,952	(\$225,286)	-18.2%
Scholarships, Tuition	\$2,093,157	\$2,813,950	(\$720,793)	-25.6%
Other Operating Expenses	\$2,555,600	\$4,237,798	(\$1,682,198)	-39.7%
<i>Subtotal Other</i>	<i>\$5,659,423</i>	<i>\$8,287,700</i>	<i>(\$2,628,277)</i>	<i>-31.7%</i>
<b>Total Expenditures</b>	<b>\$30,646,419</b>	<b>\$33,831,986</b>	<b>(\$3,185,567)</b>	<b>-9.4%</b>

In comparison to FY19 actual expenditures, FY20 expenditures are projected to increase by 23% or \$7,174,213. Compared to FY19 projections across all funds, FY20 expenditure projections will increase by 12% or \$3,988,646. This increase is largely attributable to a significant increase in utilities. In FY20, the campus will make a one-time payment for retroactive sewage costs since moving to Kapolei in 2012. While the exact amount is still being negotiated with the Board of Water Supply, the campus is approximating this to be \$3.75 million. Additional utility costs are due to the newly constructed Administration and Allied Health building which opened in October 2018 and sewer costs for the campus during FY20.

In FY19, actual costs for Other Operating Expenses were 39.7% below projected mainly due to a large remaining encumbrance balance as of June 30, 2019 and capital improvement projects that were delayed, such as building sealant and fan replacements.

<b>Expenditures</b>	<b>FY20 Projected</b>	<b>FY19 Actual</b>	<b>FY20 Proj. vs. FY19 Actual</b>	<b>%age</b>
General Funds	\$18,376,315	\$17,738,937	\$637,378	3.6%
Tuition & Fees	\$14,881,470	\$9,561,676	\$5,319,794	55.6%
RTRF	\$438,447	\$219,450	\$218,997	99.8%
Other Special Funds	\$2,787,500	\$2,242,985	\$544,515	24.3%
Other Revolving Funds	\$1,236,900	\$789,132	\$447,768	56.7%
Appropriated Federal Funds	\$100,000	\$94,238	\$5,762	6.1%
<b>Total Expenditures</b>	<b>\$37,820,632</b>	<b>\$30,646,418</b>	<b>\$7,174,214</b>	<b>23.4%</b>

<b>Expenditures</b>	<b>FY19 Actual</b>	<b>FY19 Projected</b>	<b>FY19 Actual vs. FY19 Proj.</b>	<b>%age</b>
General Funds	\$17,738,937	\$17,580,670	\$158,267	0.9%
Tuition & Fees	\$9,561,676	\$11,272,121	(\$1,710,445)	-15.2%
RTRF	\$219,450	\$462,417	(\$242,967)	-52.5%
Other Special Funds	\$2,242,985	\$3,097,755	(\$854,770)	-27.6%
Other Revolving Funds	\$789,132	\$1,339,023	(\$549,891)	-41.1%
Appropriated Federal Funds	\$94,238	\$80,000	\$14,238	17.8%
<b>Total Expenditures</b>	<b>\$30,646,418</b>	<b>\$33,831,986</b>	<b>(\$3,185,568)</b>	<b>-9.4%</b>

The FY20 TFSF expenditure projection for utilities includes a one-time retroactive sewer cost of approximately \$3.75 million, additional utility costs associated with the opening of the Administration and Allied Health building completed in October 2018, and ongoing sewer charges. All RTRF allocated funds, to include carryover balances, are projected to be spent in FY20.

In FY19, there was a 27.6% decrease in planned expenditures in the Other Special Funds category. This was reflected in a \$363,390 balance remaining in the TFSF scholarship allocation. While the campus allocated \$2,546,000 for scholarships in FY19, actual scholarships and Tuition Waivers awarded were \$2,182,610. UHWO awarded all of the budgeted need-based opportunity grants in the Fall 2018 semester based on the institutional and federal financial aid eligibility criteria set forth in EP 6.204: Student Financial Assistance Program. At the start of the Spring 2019 semester, UHWO reviewed the awards of all continuing student awards to ensure satisfactory academic progress in accordance with EP 6.204. The awards for all continuing students who met the criteria were renewed. Those who did not meet the criteria were deemed ineligible. This group of students was higher than projected. The financial aid team was able to identify new students who met the criteria for Spring 2019 and awarded them according to the existing criteria.

UHWO is committed to providing financial assistance and support to our students. This upcoming 2019-2020 year, we are allocating an additional \$350,000 more in need-based scholarship and have expanded the fund eligibility to ensure that there is a more robust student pool based on federal financial aid guidelines. We are confident that under the guidance of our new Financial Aid Director, who was hired on June 15, 2019, that we will be able to expend all of our FY20 allocation while adhering to institutional and federal financial aid guidelines.

Other Revolving Funds are projected to increase in FY20 due to an increase in planned student activities and events, increase in student awards/stipends, and travel opportunities approved by the student board and Vice Chancellor of Student Affairs. The FY19 actual expenditures for Other Revolving Funds were 41.1% less than projected in FY19 mainly attributable to the Student Fee accounts. On 5 of the 8 student fee accounts, a chartered student organization exercises fiscal oversight on funds for their accounts. The student government (ASUHWO), the student programming group (Student Activity Fee Board, SAFB), the student media board (SMB), and the college union advisory board, Campus Center Board (CCB) may withdraw and expend funds for any purpose that the boards deem necessary and proper to achieve its educational responsibilities, programs, and related activities (as authorized by State law, HRS 304A-2257). Because these student organizations are projecting expenses for a future group of student leaders (e.g., outgoing 18-19 groups approving budgets to be implemented, executed by incoming 19-20 groups of student leaders for the 19-20 fiscal year), in some cases, the incoming group for 19-20 may disagree with the anticipated plans projected by the outgoing group, 18-19, and opt to divert its programmatic and fiscal attentions to different programs, activities, and priorities. Additionally, when student leaders in a given year endeavor to implement their budgetary plans for the year, their effectiveness to efficiently implement plans and execute action steps are affected by their individual commitments of time, their balancing of multiple responsibilities, and their abilities to work cooperatively with others in order to implement and execute. As such, their efforts are sometimes hampered by their efforts. Conversely, the remaining 3 of the 8 student fee accounts, i.e., health, technology, and transportation, are student program accounts that are afforded greater fiscal oversight by a University official in student affairs with substantial student input and decision-making.

Net Operating Gain (Loss)

<b>Net Operating Income (All Funds)</b>	<b>FY20 Projected</b>
Net Operating Income	<b>(\$3,892,383)</b>
Beginning Balance	\$13,500,325
Ending Balance	\$9,607,942
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$1,627,350
Revised Ending Balance	\$7,980,592
Reserve Requirement (5% Minimum)	\$2,099,032
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$5,881,560</b>

In review of the Net Operating Balance across all funds, UHWO is projected to have an ending balance of \$9.6 million. This balance includes commitments made to the Repair and Replacement reserve (\$1.63 million) pursuant to Executive Policy EP2.212. This revises the projected ending balance to \$8 million in FY20, which remains above the 5% minimum reserve requirement (Executive policy) of \$2,099,032 and the 16% reserve target (BOR policy) of \$6,716,901.

**TUITION AND FEES SPECIAL FUND**

Revenues

FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
\$18,291,214	\$17,895,368	\$395,846	2.2%	\$17,895,368	\$18,161,521	(\$266,153)	-1.5%

In FY20, the 2.2% revenue increase is based on a projected 1.2% enrollment growth (per IRAO data) and a 1% tuition rate increase. In FY19, actual revenue collected was 1.5% lower than projected due to a drop in enrollment as originally projected.

Expenditures

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$5,096,864	\$5,761,814	(\$664,950)	-11.5%
Lecturer Payroll	\$292,000	\$286,029	\$5,971	2.1%
Student Help Payroll	\$322,000	\$442,114	(\$120,114)	-27.2%
Other Personnel	\$187,000	\$175,241	\$11,759	6.7%
<i>Subtotal Personnel</i>	<i>\$5,897,864</i>	<i>\$6,665,198</i>	<i>(\$767,334)</i>	<i>-11.5%</i>
Utilities	\$5,713,606	\$985,528	\$4,728,078	479.8%
Scholarships, Tuition	\$0	\$0	\$0	
Other Operating Expenses	\$3,270,000	\$1,910,950	\$1,359,050	71.1%
<i>Subtotal Other</i>	<i>\$8,983,606</i>	<i>\$2,896,478</i>	<i>\$6,087,128</i>	<i>210.2%</i>
<b>Total Expenditures</b>	<b>\$14,881,470</b>	<b>\$9,561,676</b>	<b>\$5,319,794</b>	<b>55.6%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$5,761,814	\$6,543,021	(\$781,207)	-11.9%
Lecturer Payroll	\$286,029	\$250,000	\$36,029	
Student Help Payroll	\$442,114	\$266,500	\$175,614	65.9%
Other Personnel	\$175,241	\$221,500	(\$46,259)	
<i>Subtotal Personnel</i>	<i>\$6,665,198</i>	<i>\$7,281,021</i>	<i>(\$615,823)</i>	<i>-8.5%</i>
Utilities	\$985,528	\$1,027,200	(\$41,672)	-4.1%
Scholarships, Tuition	\$0	\$0	\$0	
Other Operating Expenses	\$1,910,950	\$2,963,900	(\$1,052,950)	-35.5%
<i>Subtotal Other</i>	<i>\$2,896,478</i>	<i>\$3,991,100</i>	<i>(\$1,094,622)</i>	<i>-27.4%</i>
<b>Total Expenditures</b>	<b>\$9,561,676</b>	<b>\$11,272,121</b>	<b>(\$1,710,445)</b>	<b>-15.2%</b>

In FY20, the legislature approved 7.5 general funded permanent position counts which converted 7.5 budgeted temporary (BT) positions funded by TFSF. As a result, regular employee payroll and fringe benefits savings are projected in FY20. Utility expenses are projected to

increase due to a one-time retroactive payment for sewer charges estimated to be \$3.75 million, the inclusion of the new Administrative and Allied Health building, and the addition of sewer costs moving forward. Projected Other Operating expenses in FY20 include one-time costs for Information Technology upgrades and replacements and funds to support campus renovations. In FY19, actual TFSF costs for Other Operating Expenses were 35.5% below projected mainly due to a large remaining encumbrance balance as of June 30, 2019 and capital improvement projects that were not initiated, such as building sealant and fan replacements.

Transfers

In FY20, UHWO will transfer approximately \$4,140,000 for debt service commitments arising from the issuance of revenue bonds to construct the campus. \$2,530,000 will be transferred to support UHWO scholarships. \$127,350 is planned to be transferred to the Repair and Replacement Reserve fund to total \$1,627,350 in the reserve and an additional \$125,000 is projected to be transferred for system assessments.

Net Operating Gain (Loss)

<b>Net Operating Income (TFSF)</b>	<b>FY20 Projected</b>
Net Operating Income	(\$3,507,606)
Beginning Balance	\$8,775,509
Ending Balance	\$5,267,903
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$0
Revised Ending Balance	\$5,267,903
Reserve Requirement (5% Minimum)	\$2,008,757
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$3,259,146</b>

For TFSF, the campus is projecting a net operating income of (\$3,507,606). The deficit is a result of the estimated one-time retroactive sewer payment to the Board of Water Supply. Overall, the projected ending cash balance is \$5,267,903 which is above the minimum 5% reserve target (Executive Policy) of \$2,008,757, but short of meeting the 16% reserve target (BOR Policy) of \$6,428,022.



# Community Colleges

## Introduction

The University of Hawai'i (UH) Community Colleges are dedicated to increasing the educational capital of the State, addressing the needs of underserved populations, and revitalizing and expanding the State's economy. The UH Community Colleges provide first generation college students, educationally and economically disadvantaged individuals, and under-represented groups a gateway for upward mobility, while providing a highly trained and highly skilled workforce for Hawai'i industries.

The UH Community Colleges' strategic plan is designed to create the opportunity, the success, the economy, and the quality of life desired by Hawai'i for its residents. The plan is organized around the following principles:

- Access to higher education should be universally available to Hawai'i residents and the cost of attending should not be a barrier to anyone's participation;
- Student success, measured in terms of completion of certificates, degrees, or transfer of students, is of first priority. Access without success is not access to the benefits and opportunities afforded by higher education;
- The quality of the educational programs as measured by student success in subsequent courses, in the workplace, and in the community must be maintained;
- Students can be successful in these quality programs when provided with the right system of support and guidance;
- UH Community Colleges are an integral component of the workforce development in the State and a leader in identifying workforce needs and developing and delivering training programs to enable students to gain employment;
- As part of the UH System, the UH Community Colleges have the opportunity and responsibility to create smooth and effective pathways from the Department of Education through the UH Community Colleges to baccalaureate programs for those students seeking baccalaureate education; and
- The UH Community Colleges should be a model of a high performing organization in terms of sustainability, business practices, and providing a learning environment reflecting modern technologies and pedagogies.

## ALL FUND SUMMARY

### Revenues

Type of Fund	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
General Funds	\$149,964,185	\$146,760,657	\$3,203,528	2.2%
Tuition & Fees	\$59,894,074	\$61,560,865	(\$1,666,791)	-2.7%
RTRF	\$1,998,835	\$1,513,539	\$485,296	32.1%
Other Special Funds	\$16,832,493	\$17,816,920	(\$984,427)	-5.5%
Other Revolving Funds	\$1,742,347	\$1,780,555	(\$38,208)	-2.1%
Appropriated Federal Funds	\$2,749,635	\$2,790,888	(\$41,253)	-1.5%
<b>Total Revenues</b>	<b>\$233,181,569</b>	<b>\$232,223,424</b>	<b>\$958,145</b>	<b>0.4%</b>

Type of Fund	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
General Funds	\$146,760,657	\$144,499,589	\$2,261,068	1.6%
Tuition & Fees	\$61,560,865	\$62,014,760	(\$453,895)	-0.7%
RTRF	\$1,513,539	\$1,334,058	\$179,481	13.5%
Other Special Funds	\$17,816,920	\$18,875,276	(\$1,058,356)	-5.6%
Other Revolving Funds	\$1,780,555	\$1,908,901	(\$128,346)	-6.7%
Appropriated Federal Funds	\$2,790,888	\$3,054,528	(\$263,640)	-8.6%
<b>Total Revenues</b>	<b>\$232,223,424</b>	<b>\$231,687,112</b>	<b>\$536,312</b>	<b>0.2%</b>

General Fund revenues show an increase of \$3.2 million, or 2.2%, as a result of increased funding for collective bargaining and new legislative appropriations for FY20. The new Legislative appropriations include funding for student tutors and mentors, a teacher education program at Leeward CC, the North Hawaii Education Resource Center, and an Innovation Center at UH Maui College.

Tuition revenue projections show a 0.7% decline in spite of the 2% rate increase approved for FY20. This reduction is mainly attributable to a projected decline in enrollment as the robust State economy continues to produce historically low unemployment rates. The increase in RTRF revenues is partially due to a delay in the transfer of FY19 allocations that were supposed to be transferred last year but were transferred in FY20 instead.

Expenses

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$141,360,024	\$140,361,354	\$998,670	0.7%
Lecturer Payroll	\$22,079,042	\$23,980,595	(\$1,901,553)	-7.9%
Student Help Payroll	\$4,539,575	\$4,687,228	(\$147,653)	-3.2%
Other Personnel	\$2,581,086	\$2,703,732	(\$122,646)	-4.5%
<i>Subtotal Personnel</i>	<i>\$170,559,727</i>	<i>\$171,732,909</i>	<i>(\$1,173,182)</i>	<i>-0.7%</i>
Utilities	\$11,644,982	\$11,544,081	\$100,901	0.9%
Scholarships, Tuition	\$8,169,421	\$7,569,446	\$599,975	7.9%
Other Operating Expenses	\$38,769,133	\$30,051,270	\$8,717,863	29.0%
<i>Subtotal Other</i>	<i>\$58,583,536</i>	<i>\$49,164,797</i>	<i>\$9,418,739</i>	<i>19.2%</i>
<b>Total Expenditures</b>	<b>\$229,143,263</b>	<b>\$220,897,706</b>	<b>\$8,245,557</b>	<b>3.7%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$140,361,354	\$141,214,612	(\$853,258)	-0.6%
Lecturer Payroll	\$23,980,595	\$21,775,790	\$2,204,805	10.1%
Student Help Payroll	\$4,687,228	\$4,883,388	(\$196,160)	-4.0%
Other Personnel	\$2,703,732	\$2,739,399	(\$35,667)	-1.3%
<i>Subtotal Personnel</i>	<i>\$171,732,909</i>	<i>\$170,613,189</i>	<i>\$1,119,720</i>	<i>0.7%</i>
Utilities	\$11,544,081	\$11,129,017	\$415,064	3.7%
Scholarships, Tuition	\$7,569,446	\$8,406,071	(\$836,625)	-10.0%
Other Operating Expenses	\$30,051,270	\$38,621,636	(\$8,570,366)	-22.2%
<i>Subtotal Other</i>	<i>\$49,164,797</i>	<i>\$58,156,724</i>	<i>(\$8,991,927)</i>	<i>-15.5%</i>
<b>Total Expenditures</b>	<b>\$220,897,706</b>	<b>\$228,769,913</b>	<b>(\$7,872,207)</b>	<b>-3.4%</b>

Regular employee payroll projections reflect an increase due to collective bargaining augmentations. Lecturer payroll projections reflect a decrease due to the continued refinement and balancing of lecturer requirements against instructional services provided by regular faculty. The decline in enrollment also contributed to the projected reduction in Lecturer requirements. The increase in scholarship expenses is related to anticipated increases in scholarships provided by the Hawai'i's Promise Program that is now entering its third year. The increase in other current expenses is largely due to one-time expenditures for repairs and maintenance that were originally programmed in FY19 that are now being budgeted in FY20.

Net Operating Gain (Loss)

<b>Net Operating Income (All)</b>	<b>FY20 Projected</b>
Net Operating Income	<b>(\$5,710,209)</b>
Beginning Balance	\$48,391,325
Ending Balance	\$42,681,116
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$3,230,000
Revised Ending Balance	\$39,451,116
Reserve Requirement (5% Minimum)	\$11,879,818
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$27,571,298</b>

Net Operating Income (Revenues less Expenditures) is negative for the UH Community Colleges due to the expenditure of tuition carryover balances for non-recurring items, including repairs and maintenance projects, classroom upgrades and energy projects. These funds were reserved specifically for these needs and the UH Community Colleges has sufficient balances to cover these expenses.

Other Reserve Requirements include debt service payments for energy projects and new facilities at Kapiolani CC and Hawai'i CC that were financed using revenue bonds. It also includes contributions toward a repair and replacement reserve fund that is required pursuant to Executive Policy (EP) 2.212.

**TUITION AND FEES SPECIAL FUND**

Revenues

<b>FY20 Projected</b>	<b>FY19 Actual</b>	<b>FY20 Proj. vs. FY19 Actual</b>	<b>%age</b>	<b>FY19 Actual</b>	<b>FY19 Projected</b>	<b>FY19 Actual vs. FY19 Proj.</b>	<b>%age</b>
\$59,894,074	\$61,560,865	<b>(\$1,666,791)</b>	<b>-2.7%</b>	\$61,560,865	\$62,014,760	<b>(\$453,895)</b>	<b>-0.7%</b>

Tuition revenue projections show a 2.7% decline in spite of the 2% rate increase approved for FY 20. This reduction is mainly attributed to a projected decline in enrollment as the robust State economy continues to produce historically low unemployment rates.

Expenditures

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$10,956,739	\$11,907,071	(\$950,332)	-8.0%
Lecturer Payroll	\$804,648	\$672,581	\$132,067	19.6%
Student Help Payroll	\$2,902,890	\$3,154,051	(\$251,161)	-8.0%
Other Personnel	\$1,328,124	\$1,553,532	(\$225,408)	-14.5%
<i>Subtotal Personnel</i>	<i>\$15,992,401</i>	<i>\$17,287,236</i>	<i>(\$1,294,835)</i>	<i>-7.5%</i>
Utilities	\$4,691,003	\$3,761,951	\$929,052	24.7%
Scholarships, Tuition	\$5,538,346	\$7,481,814	(\$1,943,468)	-26.0%
Other Operating Expenses	\$29,038,789	\$21,663,007	\$7,375,782	34.0%
<i>Subtotal Other</i>	<i>\$39,268,138</i>	<i>\$32,906,772</i>	<i>\$6,361,366</i>	<i>19.3%</i>
<b>Total Expenditures</b>	<b>\$55,260,539</b>	<b>\$50,194,007</b>	<b>\$5,066,532</b>	<b>10.1%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$11,907,071	\$14,555,536	(\$2,648,465)	-18.2%
Lecturer Payroll	\$672,581	\$524,850	\$147,731	28.1%
Student Help Payroll	\$3,154,051	\$3,095,073	\$58,978	1.9%
Other Personnel	\$1,553,532	\$1,362,137	\$191,395	14.1%
<i>Subtotal Personnel</i>	<i>\$17,287,236</i>	<i>\$19,537,596</i>	<i>(\$2,250,360)</i>	<i>-11.5%</i>
Utilities	\$3,761,951	\$4,019,054	(\$257,103)	-6.4%
Scholarships, Tuition	\$7,481,814	\$7,553,474	(\$71,660)	-0.9%
Other Operating Expenses	\$21,663,007	\$27,282,399	(\$5,619,392)	-20.6%
<i>Subtotal Other</i>	<i>\$32,906,772</i>	<i>\$38,854,927</i>	<i>(\$5,948,155)</i>	<i>-15.3%</i>
<b>Total Expenditures</b>	<b>\$50,194,007</b>	<b>\$58,392,523</b>	<b>(\$8,198,516)</b>	<b>-14.0%</b>

Regular employee payroll projections funded by TFSF reflect a decrease due to adjustments made for declining TFSF revenue. Nominal changes in other payroll categories reflect a slightly different mix of expenses between the different funding sources. Overall expenses in these payroll categories reflect a slight decline as shown in the all funds expenditure table (above). The increase in utilities and decrease in scholarships are also products of different mixes of expenditures for electricity and Hawai'i Promise Scholarships. The increase in other current expenses is largely due to one-time expenditures for repairs and maintenance that were originally programmed in FY 19 that are now being budgeted in FY 20.

Net Operating Gain (Loss)

<b>Net Operating Income (TFSF)</b>	<b>FY20 Projected</b>
Net Operating Income	(\$5,710,209)
Beginning Balance	\$27,894,352
Ending Balance	\$22,184,143
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$2,490,000
Revised Ending Balance	\$19,694,143
Reserve Requirement (5% Minimum)	\$10,851,134
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$8,843,009</b>

Net Operating Income (Revenues less Expenditures) is negative for the UH Community Colleges due to the expenditure of tuition carryover balances for non-recurring items, including repairs and maintenance projects, classroom upgrades and energy projects. These funds were reserved specifically for these needs and the UH Community Colleges has sufficient balances to cover these expenses.

Other Reserve Requirements include debt service payments for energy projects and new facilities at Hawai'i CC that were financed using revenue bonds. It also includes contributions toward a repair and replacement reserve fund that is required pursuant to EP2.212.

Even after the expenditure of \$5.7 million in TFSF carryover funds, the UH Community Colleges will still have a balance of \$22.2 million. This is in addition to its 5% reserve held at UH Systemwide Support.

**Enrollment**

Over the last decade, the UH Community Colleges enrolled record numbers of students in education and training programs and awarded record numbers of degrees and certificates. In 2018, the UH Community College awarded 4,935 degrees and certificates, 85% more than were awarded in 2010 during the peak of recession-fueled enrollment.

UH Community Colleges' enrollment has declined over the past several years due to the strong economy and record low unemployment rates. However, the UH Community Colleges continue to pursue ambitious enrollment targets to fulfill our mission of providing broad access, meeting the State's workforce needs, developing individuals and the community and achieving equity. The following initiatives are intended to continue to drive strategic focus and programmatic changes to better serve students and to increase enrollment and student success:

### **Hawai'i Graduation Initiative**

- The UH Community Colleges are part of the System-led Hawai'i Graduation Initiative (HGI). HGI has strategic targets for growth and equity.
- In FY20, HGI priorities are to increase transfer from UH Community Colleges to UH four-year campuses, improve first year student success, implement fully online degree and certificate programs, and re-enroll and support "returning adults." Initiatives includes developing policies, facilitating campuses' implementation of quality programs, reporting data, and convening campus leaders.

### **Enrollment Management**

The UH Community Colleges have campus-level and system-level targets for enrollment of priority student populations. Interim annual targets at campus and system-levels were last revised in Summer 2018, and targets are set so that UH Community Colleges are on the trajectory to meet the following goals for priority populations of students by 2027:

- Postsecondary enrollment of 65% of Hawaii public school graduates immediately following high school with community colleges' enrolling 80% of the increase in college going;
- Increased enrollment of non-high school graduates enrolling in community colleges;
- Pacific Islanders' UHCC enrollment to be representative of their representation in the community;
- 4% of "working age adults" enrolled in community colleges;
- More international students, and
- First year student retention rate of 65%.

### **Strategies for achieving targets**

- Maximize award of Hawaii Promise scholarships to help students afford college and to encourage enrollment.
- Continue student success initiatives to support provide clear pathways to earning degrees and certificates.
- Target priority populations:
  - Public high school graduates:
    - Expand early college, targeting students who may not otherwise enroll in college. Prioritize opportunities within career pathways. Enroll more students completing early college and other dual credit courses in UHCCs, post-high.
    - Facilitate more completions of UH application for admission and financial aid.
  - Non-high school graduates (e.g., GED):
    - Expand "13<sup>th</sup> year" programs which partners with community-based organizations to recruit students who would not otherwise go to college for a full scholarship for the first year.
    - Establish new options for federal financial aid eligibility for those in Career and Technical Education pathways.
  - Pacific Islanders: Continue to fund peer-based support and provide summer bridge programs for incoming students.
  - "Working age" adults (ages 25-44)

- Expand flexible course offerings and programs, such as online programs. The Accelerated AA Online program, consisting of five-week online classes and targeting working adults, launches in Fall 2019.
    - Develop comprehensive marketing campaign for “stopped out students” to return.
    - Streamline re-enrollment processes for distance learning and returning students (e.g, Act 101, SLH 2019, to exempt fully online students from providing evidence of vaccination records).
    - Leverage employers’ tuition assistance programs.
    - Partner with employers to offer education and training responsive to current and forecasted industry needs.
  - International students: Increase outreach through recruitment fairs and recruiting agents.
- Improve retention
  - Expand effective redesign models for students to complete the English and Mathematics needed for their degree within the first year, including moving from sequential, semester-long remedial or developmental classes to co-requisite, just-in-time remediation.
  - Continue to implement guided pathway registration where all students will be placed on a degree pathway and use the pathway to guide their registration so that they can keep on track to graduation.
  - Increased monitoring and intervention – “early alert” --to reduce student dropout.
- Expand HI-NET program, via legislative appropriation, to all community college campuses to provide eligible students support for continuing their education with expanded SNAP benefits that provide funding for food, educational expenses, and child care.



## **Systemwide Administration**

### **Introduction**

The University of Hawai'i (UH) Systemwide Administration (System) is committed to providing the vision, leadership, and stewardship needed to enable the ten University campuses to advance missions that promote distinctive pathways to excellence, differentially emphasize instruction, research, and service while contributing to a coherent response to the needs of a technologically advanced, globally competitive, and culturally diverse island State.

In FY20, the System's operating budget will continue to focus on UH's four Strategic Directions and will continue to advance UH as a model indigenous-serving institution, and systemwide collaboration in sustainability. We will leverage our initiatives with performance funds unearned by the campuses to advance student success and help campuses improve student enrollment management and recruitment, increase efforts in research and innovation, technological investments to ensure security of our data and to drive better data analytics, and to improve economic performance and business process efficiency.

Enrollment and academic planning improvements involve executing the priorities of UH's Strategic Directions. System will continue to facilitate a transfer initiative that supports academic pathways between campuses and offers wraparound support services, initiate retention strategies that keep first year students engaged and on-track to graduation, undertake a marketing initiative that promotes overall college going across the State, and focus on outreach and engagement of working adults to re-enroll in college and complete their postsecondary degree. System is also focused on offering more online programs and reducing textbook costs.

Increased efforts in research and innovation such as the launch of UHealthy Hawai'i initiative to improve the delivery of health care in the State and the Pacific region through a partnership of health care-related entities continues. Efforts on sustainability and resiliency research and education to meet the challenges posed by climate change not only in Hawai'i, but around the world. The University continues its partnership with the Hawai'i business community to help develop and nurture a vibrant innovation industry in the State based on the aggressive commercialization of UH-based research and technology.

Investments will be made in information system projects that increase business process efficiency and provide improved data for management and decision-making, thereby enabling the University to continue to make strides to be a high performing institution. Key efforts will focus on student success, enrollment management and IT security. A focus on student efforts will require specialized technical integration in areas such as student recruitment and retention, increasing interactive student engagement, and expanding UH Online course and degree offerings. Ongoing investment in our multiple systemwide software, IT security investment of defensive and incident response measures, and support for mandated protection of regulated data and research activity.

Finally, System will embark on an in-depth assessment to position UH to meet workforce and training needs across the State over the next ten years. The project, entitled Third Decade, is

a follow up to a 2007 Second Decade project which focused on gaps in postsecondary education and training by geographic region. The Third Decade results will inform the 2021 Strategic Directions update. System coordination on sustainability initiatives to support campus efforts in creating solutions in energy consumption and curricula development remains a high priority. System will continue to support Hawai'i Papa O Ke Ao and Pūko'a Council in systemwide initiatives and to support campus specific efforts in UH's commitment in creating a model indigenous serving institution in Hawai'i.

Overall, the System budget supports 56 offices and programs which includes 462 appropriated General Fund, 20 Special Fund, 4 Federal Fund, and 15 Revolving Fund permanent Full Time Equivalent (FTE) positions. Offices and programs are organized under the Board of Regents Office, President's Office, Vice President for Academic Planning and Policy, Vice President for Administration, Vice President for Budget and Finance/Chief Financial Officer, Vice President for Information Technology/Chief Information Officer, Vice President for Legal Affairs/University General Counsel, and Vice President for Research and Innovation.

**BUDGET SUMMARY  
ALL FUNDS**

Revenues

Type of Fund	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
General Funds	\$54,072,839	\$51,891,080	\$2,181,759	4.2%
Tuition & Fees	\$3,053,249	\$3,101,392	(\$48,143)	-1.6%
RTRF	\$15,684,956	\$23,936,977	(\$8,252,021)	-34.5%
Other Special Funds	\$4,780,385	\$4,819,949	(\$39,564)	-0.8%
Other Revolving Funds	\$1,091,165	\$1,519,849	(\$428,684)	-28.2%
Appropriated Federal Funds	\$710,000	\$398,625	\$311,375	78.1%
<b>Total Revenues</b>	<b>\$79,392,594</b>	<b>\$85,667,872</b>	<b>(\$6,275,278)</b>	<b>-7.3%</b>

Type of Fund	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
General Funds	\$51,891,080	\$55,683,613	(\$3,792,533)	-6.8%
Tuition & Fees	\$3,101,392	\$2,441,650	\$659,742	27.0%
RTRF	\$23,936,977	\$17,231,400	\$6,705,577	38.9%
Other Special Funds	\$4,819,949	\$4,627,647	\$192,302	4.2%
Other Revolving Funds	\$1,519,849	\$989,610	\$530,239	53.6%
Appropriated Federal Funds	\$398,625	\$384,999	\$13,626	3.5%
<b>Total Revenues</b>	<b>\$85,667,872</b>	<b>\$81,358,919</b>	<b>\$4,308,953</b>	<b>5.3%</b>

Actual General Fund revenue in FY19 does not include \$7.66 million in transfers from System to various UH campuses. Among the most significant transfers were \$2.48 million for Performance Funding, \$3 million for B Plus scholarships, and \$715,999 for Academy for Creative Media (ACM). Projected General Fund transfers in FY20 total \$7.48 million, which again include transfers for Performance Funding, B Plus scholarships and ACM. General Fund transfers are

reported as changes in revenue because they represent a change in allocation from the State rather than actual cash moving between UH campuses.

Actual Other Special Funds revenue in FY19 was less than projected due to a timing issue with payment for co-location charges to Information Technology Services (ITS), coupled with a disbursement to UH Ventures LLC from the Innovation and Commercialization Initiative Special Fund. FY20 Other Special Funds revenue is forecasted to rise as a result of payment received for the ITS co-location charges, an increase in the Common Area Maintenance rate at the Mānoa Innovation Center, and no projected disbursements to UH Ventures LLC.

Actual Other Revolving Funds revenue in FY19 was higher than budgeted due to unanticipated income acquired by the new Office of Strategic Development and Partnership. Other Revolving Funds revenue in FY20 is expected to remain relatively the same as FY19 actual.

#### Expenditures

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$48,967,287	\$44,479,849	\$4,487,438	10.1%
Lecturer Payroll	\$0	\$69,671	(\$69,671)	-100.0%
Student Help Payroll	\$1,104,972	\$1,136,154	(\$31,182)	-2.7%
Other Personnel	\$405,068	\$797,902	(\$392,834)	-49.2%
<i>Subtotal Personnel</i>	<i>\$50,477,327</i>	<i>\$46,483,576</i>	<i>\$3,993,751</i>	<i>8.6%</i>
Utilities	\$1,262,590	\$1,302,577	(\$39,987)	-3.1%
Scholarships, Tuition	\$4,438,914	\$3,081,934	\$1,356,980	44.0%
Other Operating Expenses	\$33,385,105	\$33,215,409	\$169,696	0.5%
<i>Subtotal Other</i>	<i>\$39,086,609</i>	<i>\$37,599,920</i>	<i>\$1,486,689</i>	<i>4.0%</i>
<b>Total Expenditures</b>	<b>\$89,563,936</b>	<b>\$84,083,496</b>	<b>\$5,480,440</b>	<b>6.5%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$44,479,849	\$45,968,273	(\$1,488,424)	-3.2%
Lecturer Payroll	\$69,671	\$32,000	\$37,671	117.7%
Student Help Payroll	\$1,136,154	\$1,414,484	(\$278,330)	-19.7%
Other Personnel	\$797,902	\$615,829	\$182,073	29.6%
<i>Subtotal Personnel</i>	<i>\$46,483,576</i>	<i>\$48,030,586</i>	<i>(\$1,547,010)</i>	<i>-3.2%</i>
Utilities	\$1,302,577	\$989,884	\$312,693	31.6%
Scholarships, Tuition	\$3,081,934	\$4,440,869	(\$1,358,935)	-30.6%
Other Operating Expenses	\$33,215,409	\$34,044,936	(\$829,527)	-2.4%
<i>Subtotal Other</i>	<i>\$37,599,920</i>	<i>\$39,475,689</i>	<i>(\$1,875,769)</i>	<i>-4.8%</i>
<b>Total Expenditures</b>	<b>\$84,083,496</b>	<b>\$87,506,275</b>	<b>(\$3,422,779)</b>	<b>-3.9%</b>

In FY19 overall Other Expenditures were less than budgeted. However, FY20 expenditures are projected to rise in Regular Employee Payroll and Other Operating Expenses.

The increase in Regular Employee Payroll is primarily due to vacant positions being filled. Other Operating Expenses are projected to exceed the FY19 actual due to commitments toward the Third Decade Project, a new Creative Media screening room, new hardware and software for ITS servers and storage, replacement Outside Air Units at the Information Technology Center, an increase in the RCUH Management Fee and new programs under the Vice President for Research and Innovation.

Net Operating Gain (Loss)

<b>Net Operating Income (All Funds)</b>	<b>FY20 Projected</b>
Net Operating Income	<b>(\$2,339,126)</b>
Beginning Balance	\$33,099,277
Ending Balance	\$30,760,151
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	
Revised Ending Balance	\$30,760,151
Reserve Requirement (5% Minimum)	\$3,752,468
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$27,007,683</b>

Net operating income is negative due to strategic expenses in Other Special Funds and RTRF. The increase in Other Special Funds operating expenses is largely attributable to replacement Outside Air Units at the Information Technology Center. The rise in RTRF expenditures will support investments in hardware and software for ITS servers and storage and new programs under the Vice President of Research and Innovation: Office of Strategic Health Initiatives and Research Support Center. There is also budgeted increase in the RCUH Management Fee. A cash balance in Other Special Funds of \$12.15 million and in RTRF of \$2.74 million will still be available after these expenses, which are above the reserve targets.

**GENERAL FUNDS**

Forecasted FY20 General Fund expenditures should remain relatively the same as FY19 with the exception of the \$2 million reduction in Performance Funding. As in FY19, System will utilize the Performance Funds unearned by the campuses to continue advancements in shared initiatives that benefit all campuses. Some initiatives that will be funded is student enrollment management and recruitment, on-line student software advancement, and support sustainability curriculum.

It has been a common practice in legislative sessions to provide lump sum funds for specific initiatives in the System budget, providing the President and senior administrators the authority to disseminate funds to the campuses. In FY20, 13.5% or \$7.48 million of the General Fund budget will be transferred to the campuses for scholarships and other program expenses. Moreover, while the Western Interstate Commission for Higher Education (WICHE) scholarship

budget of \$1.44 million is managed by System, the scholarships directly support higher education options for students at the campuses. Consequently, a total of 16% or \$8.92 million of the General Fund budget is in fact spent by the campuses rather than System operations.

General Fund Transfers	FY20 Budget	FY19 Actual	FY20 Budget vs. FY19 Actual	%age
Performance Funding	\$2,383,092	\$2,483,256	(\$100,164)	-4.0%
B Plus Scholarships	\$3,000,000	\$3,000,000	\$0	0.0%
Academy for Creative Media	\$770,000	\$715,999	\$54,001	7.5%
Workers Comp/UI	\$800,000	\$800,000	\$0	0.0%
Na Pua Noeau	\$322,242	\$322,242	\$0	0.0%
Student Affairs	\$187,000	\$187,000	\$0	0.0%
Diversity & Equity	\$6,607	\$5,697	\$910	16.0%
Pukoa Council	\$10,750	\$10,000	\$750	7.5%
Other Support	\$2,500	\$147,200	(\$144,700)	0.0%
<b>Total Transfers</b>	<b>\$7,482,191</b>	<b>\$7,671,394</b>	<b>(\$189,203)</b>	<b>-2.5%</b>
WICHE	\$1,440,869	\$1,434,141	\$6,728	0.5%
<b>Grand Total</b>	<b>\$8,923,060</b>	<b>\$9,105,535</b>	<b>(\$182,475)</b>	<b>-2.00%</b>

#### TUITION AND FEES SPECIAL FUND

##### Revenues

FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Proj.	%age
\$3,053,249	\$3,101,392	(\$48,143)	-1.6%	\$3,101,392	\$2,441,650	\$659,742	27.0%

TFSF revenues in System are not from student tuition. Rather, revenue is gained through fees from: Late Registration, the Tuition payment plan, interest income, and applications for use of UH facilities for commercial filming. Interest income has been rising since FY15 but experienced significant growth in FY18 and FY19 due to increased interest rates, notably on CD investments, and investments in new government obligations yielding higher interest rates. The FY19 variance is due to a conservative interest income revenue projection. It is projected that FY20 revenue should remain relatively the same as FY19 actual revenue.

Expenditures

Expenditure Category	FY20 Projected	FY19 Actual	FY20 Proj. vs. FY19 Actual	%age
Regular Employee Payroll	\$2,222,315	\$2,451,007	(\$228,692)	-9.3%
Lecturer Payroll	\$0	\$0	\$0	
Student Help Payroll	\$0	\$5,908	(\$5,908)	-100.0%
Other Personnel	\$0	\$8,258	(\$8,258)	-100.0%
<i>Subtotal Personnel</i>	<i>\$2,222,315</i>	<i>\$2,465,173</i>	<i>(\$242,858)</i>	<i>-9.9%</i>
Utilities	\$133,737	\$132,953	\$784	0.6%
Scholarships, Tuition	\$0	\$4,050	(\$4,050)	-100.0%
Other Operating Expenses	\$8,958,488	\$5,674,534	\$3,283,954	57.9%
<i>Subtotal Other</i>	<i>\$9,092,225</i>	<i>\$5,811,537</i>	<i>\$3,280,688</i>	<i>56.5%</i>
<b>Total Expenditures</b>	<b>\$11,314,540</b>	<b>\$8,276,710</b>	<b>\$3,037,830</b>	<b>36.7%</b>

Expenditure Category	FY19 Actual	FY19 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$2,451,007	\$2,628,154	(\$177,147)	-6.7%
Lecturer Payroll	\$0	\$0	\$0	
Student Help Payroll	\$5,908	\$15,144	(\$9,236)	-61.0%
Other Personnel	\$8,258	\$0	\$8,258	
<i>Subtotal Personnel</i>	<i>\$2,465,173</i>	<i>\$2,643,298</i>	<i>(\$178,125)</i>	<i>-6.7%</i>
Utilities	\$132,953	\$64,982	\$67,971	104.6%
Scholarships, Tuition	\$4,050	\$0	\$4,050	
Other Operating Expenses	\$5,674,534	\$8,326,188	(\$2,651,654)	-31.8%
<i>Subtotal Other</i>	<i>\$5,811,537</i>	<i>\$8,391,170</i>	<i>(\$2,579,633)</i>	<i>-30.7%</i>
<b>Total Expenditures</b>	<b>\$8,276,710</b>	<b>\$11,034,468</b>	<b>(\$2,757,758)</b>	<b>-25.0%</b>

The decrease in projected Regular Employee Payroll reflects the lack of fringe contributions to the Terminal Vacation Payout Pool (Pool) in FY20. Due to a sufficient cash balance in the Pool, no fringe benefit rate is being assessed this year. While Other Operating Expenses outpace Revenues, the majority of TFSF expenses are payments towards existing University commitments that are covered by a direct assessment from the campuses. Such commitments represent shared investments in services that are jointly funded by the campuses to achieve economies of scale and consistency that would not be available through individual action. These include the UH Foundation contract for private fundraising, stewardship and alumni relations, eBuilder, and NeoGov. The remaining Other Operating Expenses are increasing due to commitments to support the Third Decade Project and college and career planning tools, a new Creative Media screening room, computer equipment purchases, and budgeted renovations to the Office of Science, Technology, Engineering and Mathematics (STEM) Education in the Mānoa Innovation Center.

## Net Operating Income

<b>Net Operating Income (TFSF)</b>	<b>FY20 Projected</b>
Net Operating Income	\$736,396
Beginning Balance	\$11,775,014
Ending Balance	\$12,511,410
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	
Revised Ending Balance	\$12,511,410
Reserve Requirement (5% Minimum)	\$2,520,867
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$9,990,543</b>

System is forecasted to yield a net operating income (NOI) of \$736,396 in FY20, primarily due to revenue from interest income. The near net zero effect on NOI is evidence that System's TFSF income is predominantly from transfers from campuses to cover corresponding costs of contracts and maintenance fees.

### **RESERVES**

In 2015, the Legislature passed Act 236 which annually requires moneys from each campus's TFSF to lapse to the credit of System. As a result, System begins FY20 with an unencumbered cash balance of \$151.98 million after \$133.21 million in FY19 unencumbered cash balances were swept from the campuses. Of this amount, \$18.59 million is held centrally by System as the 5% TFSF reserve requirement for Hilo, West O'ahu, the Community Colleges, and System itself. A total of \$121.61 million will be returned to the campuses for inclusion in their FY20 campus operating budgets.