



# **Fiscal Year 2020-2021 Operating Budget**

**November 2020**

## Introduction and Context

University of Hawai'i (UH) Board of Regents (BOR) Policy 8.204 requires the UH Administration to present an operating budget, or expenditure plan, each year for approval. Recognizing the extraordinary situations currently facing UH, this spending plan contains the framework, assumptions, and actions being taken to respond to and prepare for these unprecedented circumstances and the expectation of more changes before the fiscal year ends.

The UH depends on State General Funds for approximately 50% of its operating budget and tuition revenue accounts for another 30%. The remainder is in other special and revolving funds, such as auxiliaries. The State appropriation for General Funds for Fiscal Year 2020-21 (FY21) is slightly more than for FY20, primarily to account for negotiated and appropriated collective bargaining increases.

The expenditure plan is based on the following key assumptions:

- A 10% restriction on the discretionary portion of UH's General Fund budget. "Discretionary" is defined by the State Department of Budget and Finance (State B&F) as those costs not directly associated with instruction or instructional support. This assumption is based on the budget execution instructions put forth by the Governor and State B&F in Executive Memorandum No. 20-08 which placed a 10% restriction on discretionary General Funds for the first two quarters of the fiscal year.
- A 5% reduction in Tuition and Fees Special Fund (TFSF) Revenue. This follows a general but modest downward trend in enrollment and is a conservative approach that recognizes the higher than usual outstanding balance on tuition billed.
- No use of TFSF reserves. Every campus is currently projected to end FY21 with a TFSF fund balance equal or greater than what the balance was at the beginning of the fiscal year.
- No furloughs or pay reductions, outside of a planned reduction of at least 9.23% for all executive-managerial (EM) employees. It is assumed that if additional furloughs are implemented, the savings will be "swept back" by the State.
- At this time, we assume that the CARES Higher Education Emergency Relief Funds (HEERF) have no impact on the fundamental operating budget. We also assume that they are sufficient to address all direct costs associated with the COVID-19 pandemic such as physical distancing modifications, cleaning supplies, PPE, additional health care costs, and technology costs for virtual education.
- Although both the U.S. Senate and House proposed stimulus bills include substantial additional funding for higher education, we make no assumption that the two chambers and the White House will come to agreement and appropriate additional funds beyond the CARES Act.

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## OVERVIEW

In aggregate across the entire UH System, the FY21 Budget operating budget is forecasted to include \$992,549,753 in revenues against \$1,006,781,592 in expenditures and transfers. As a result, a net fiscal operating deficit of \$14,231,839 across all fund types for FY21 is projected across the UH System of campuses.

As a result of the ongoing COVID-19 pandemic and the economic downturn, FY21 revenues across all fund types are projected to decline by \$60.7 million, or 5.8%, as compared to actual FY20 collections. Interim budget execution policies have been issued by the Governor and State Department of Budget and Finance (State B&F) and impose a 10% restriction on *discretionary* spending from the General Fund for Quarters 1 and 2 of the current fiscal year. This spending plan annualizes this, resulting in a 10% restriction on the discretionary General Fund appropriation to UH. As compared to actual FY20 General Fund allocations received by the UH, this represents a \$7.5 million increase, primarily due to collective bargaining.

Additionally, revenues for the Tuition and Fees Special Fund (TFSF) are projected to decline by \$22.0 million, or 6.7% of actual FY20 collections. This decrease is not correlative with enrollment, but is a conservative estimate given the uncertainty caused by a larger than usual outstanding balance on collections. Other Special Funds and Other Revolving Funds are also seeing declines of 28.4% and 35.7%, respectively, primarily due to reduced utilization of on-campus facilities and other activities as a direct result of the pandemic.

FY21 operating expenditures, transfers, and one-time expenditures are projected to decrease by \$7.8 million, or 0.8%, as compared to FY20 actual expenditures.

A net operating loss of \$14.2 million across all fund types is projected for FY21. Of that amount, \$10.3 million is attributable to one-time expenditures, leaving \$3.9 million as an ongoing deficit. TFSF is projected to have a \$18.3 million gain (of which \$5.4 million is one-time expenditures) and Other Special Funds will have a \$38.2 million loss (of which \$3.1 million is one-time).

Despite these losses, fund balances are still above or near target levels (16% of expenditures) pursuant to Board Policy (BP) 8.203. However, these losses are not sustainable for the expected duration of the economic downturn. Additionally, there is considerable uncertainty in the General Fund allocation, the UH's largest source of revenue.

## MANAGING EXPENDITURES

Recognizing the direction of the economy early in the pandemic crisis, UH was the first State organization to implement a freeze on significant expenditures. That freeze has been extended and currently applies to the following expenditure using non-extramural funding:

- Freeze on hiring in regular positions (Exception allowable by only the President)
- Freeze on faculty Special Salary Adjustments (SSAs) and staff Special Compensation Adjustments (SCAs) (Exceptions only by President)
- Freeze of significant non-personnel spending: out-of-state travel, major equipment, service contracts (Exceptions allowable by only the President)
- Freeze on interisland travel (Exceptions allowable by a UH Officer)

Other key actions taken to reduce expenditures during FY21 include:

- Reduction in hiring of lecturers and non-permanent personnel
- Work to develop a retirement incentive program for employees
- Pay reductions of at least 9.23% for Executive/Managerial (E/M) employees effective November 1, 2020

All units have operating reserves in their TFSF funds that by the end of FY21 are projected to exceed the 16% target set forth in current Regents Policy. Although this may change as greater clarity about the release of General Funds continues through the fiscal year, at this time UH plans to not use TFSF reserves during FY21 so that they may remain available to help UH through the even more difficult years expected ahead. They must also be available to address the possibility of additional unanticipated emergencies.

The primary goals of this FY21 expenditure plan are to:

- Reduce the “burn rate” tactically in a manner that maintains critical services and supports health and safety while work is underway for strategic rightsizing in FY22 and beyond.
- Preserve or increase TFSF operating reserves for the increasingly challenging fiscal years ahead when reserves may be an essential bridge through the rightsizing process.
- To the extent possible, continue to make investments in programs underway to generate new and additional revenue including strategic enrollment management, new online learning programs, and targets of opportunity for increasing research productivity, and monetization of real estate.
- Stabilize as much as possible those auxiliary and similar self-funded programs for pandemic-reduced levels of revenue and position them for return to a post-pandemic “new normal.”

## BUDGET HIGHLIGHTS BY CAMPUS

### Mānoa

TFSF is projecting a \$11.6 million gain. Campus auxiliary operations such as bookstore, parking, athletics, student activities, and student and faculty housing will be negatively affected due to the anticipation of fewer people on campus (students, employees, and visitors), and the revenues from customer facing operations are expected to decline. The largest decreases are projected to occur in Athletics and Student Housing.

Hilo

TFSF is projected to break even this year, although there are one-time expenditures totaling \$2.3 million which will not be ongoing. Other Special Fund revenue is projected to decrease by 40% and Revolving Fund revenue is projected to decrease by 21% when compared with actual FY20 revenue. These declines are due to a projected decrease in hall capacity and the decline in the number of students being physically on campus and overall decrease in enrollment, resulting in fewer customers being served.

West O'ahu (UHWO)

TFSF revenue is projected to decrease by \$1.1 million (6.5%) this fiscal year although after expenditures are accounted for, UHWO is projecting a gain of \$425,362. Revenues for Other Special Funds and Other Revolving Funds are also projected to decrease.

Community Colleges

Although enrollment is currently declining, it is expected that as the economic downturn continues, unemployed adults will retrain to meet the needs of the new economy and that enrollment and TFSF revenue will rebound in the near future. Additionally, Other Special Fund revenue projections show a decrease of \$2.4 million, or 14.1%, primarily as a result of the challenge of providing short-term workforce training and community enrichment programs that are traditionally hands-on and provided face-to-face as well as the dramatic decrease in services provided to students and the community at-large, like food service and facilities use programs.

Systemwide Administration (System)

System's TFSF revenue does not come from student tuition but rather from various fees and interest income and is considerably smaller than campus TFSF revenue. Additionally, \$7.9 million (14.2%) of System's General Fund appropriations are either transferred to or spent on behalf of the campuses.

**SYSTEMWIDE REVENUES**

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$515,148,361	\$507,642,005	\$7,506,356	1.5%
Tuition & Fees	\$309,320,373	\$331,369,372	(\$22,048,999)	-6.7%
RTRF	\$52,117,248	\$51,935,969	\$181,279	0.3%
Other Special Funds	\$86,612,004	\$120,909,630	(\$34,297,626)	-28.4%
Other Revolving Funds	\$20,482,084	\$31,851,742	(\$11,369,658)	-35.7%
Appropriated Federal Funds	\$8,869,683	\$9,588,626	(\$718,943)	-7.5%
<b>Total Revenues</b>	<b>\$992,549,753</b>	<b>\$1,053,297,344</b>	<b>(\$60,747,591)</b>	<b>-5.8%</b>

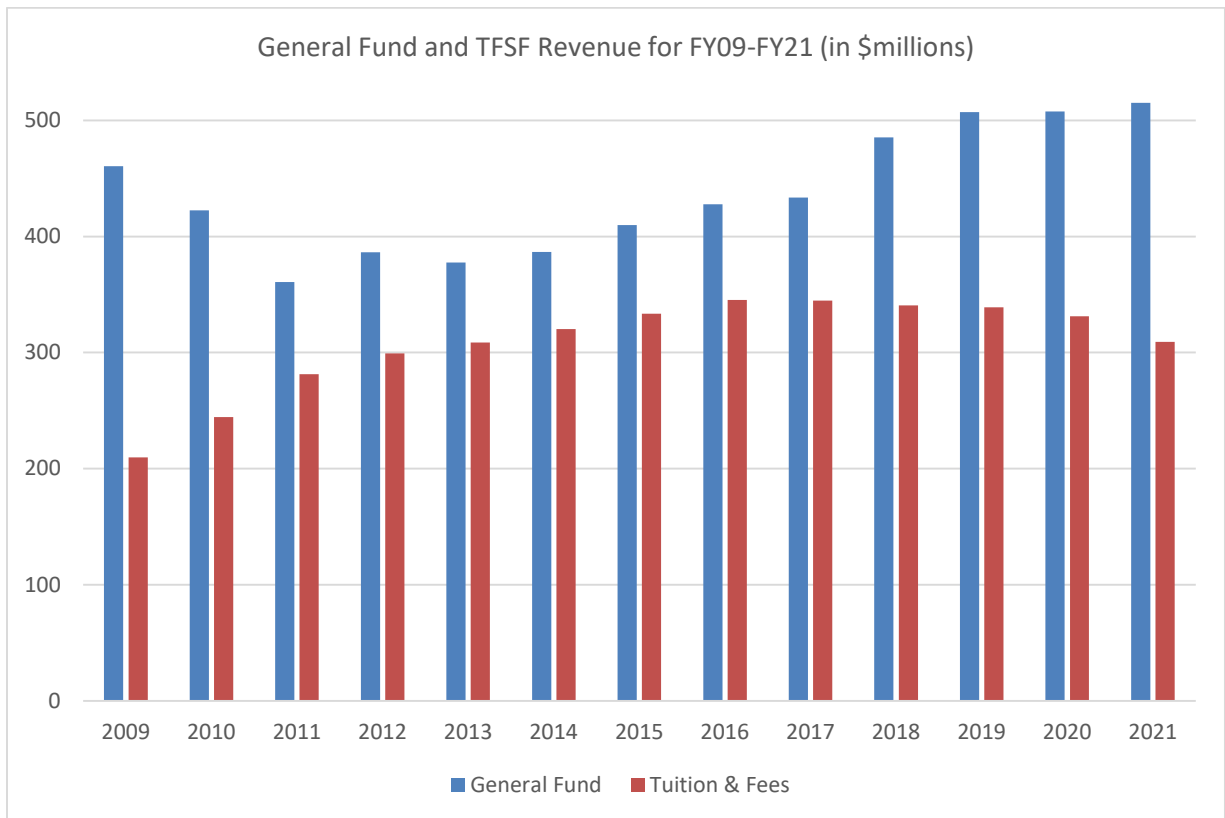
Type of Fund	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$507,642,005	\$511,792,777	(\$4,150,772)	-0.8%
Tuition & Fees	\$331,369,372	\$333,619,992	(\$2,250,620)	-0.7%
RTRF	\$51,935,969	\$52,091,267	(\$155,298)	-0.3%
Other Special Funds	\$120,909,630	\$127,126,152	(\$6,216,522)	-4.9%
Other Revolving Funds	\$31,851,742	\$33,737,349	(\$1,885,607)	-5.6%
Appropriated Federal Funds	\$9,588,626	\$9,093,952	\$494,674	5.4%
<b>Total Revenues</b>	<b>\$1,053,297,344</b>	<b>\$1,067,461,489</b>	<b>(\$14,164,145)</b>	<b>-1.3%</b>

Compared to FY20 actual revenues, FY21 revenues are projected to decline by \$60.8 million, or 5.8%. Other Special and Other Revolving Funds have the largest percentage declines, a result of declining utilization.

TFSF revenues are projected to decline by \$22.0 million, or 6.7%, as compared to FY20 actual collections. The Research and Training Revolving Fund (RTRF) is showing a very modest increase in revenues of 0.3%.

### Historic Revenues for General Fund and Tuition

The following chart shows historic revenues for FY09 through FY20 and projected revenues for FY21 for General Fund and TFSF. The range was selected to show the previous “high” prior to the Great Recession approximately ten years ago:



There is considerable uncertainty in the General Fund appropriation level. However, this was the best estimate that could be made at the time of the preparation of this spending plan. Significant changes to the General Fund revenue will necessitate a revision of this plan.

**SYSTEMWIDE EXPENDITURES**

<b>Expenditures</b>	<b>FY21 Projected</b>	<b>FY20 Actual</b>	<b>FY21 Proj. vs. FY20 Actual</b>	<b>%age</b>
General Funds	\$510,502,509	\$507,573,095	\$2,929,414	0.6%
Tuition & Fees	\$226,981,647	\$240,341,858	(\$13,360,211)	-5.6%
RTRF	\$47,789,168	\$50,692,293	(\$2,903,125)	-5.7%
Other Special Funds	\$172,754,235	\$166,321,236	\$6,432,999	3.9%
Other Revolving Funds	\$21,271,138	\$31,307,686	(\$10,036,548)	-32.1%
Appropriated Federal Funds	\$8,869,683	\$9,452,213	(\$582,530)	-6.2%
<b>Total Expenditures</b>	<b>\$988,168,380</b>	<b>\$1,005,688,381</b>	<b>(\$17,520,001)</b>	<b>-1.7%</b>

<b>Expenditures</b>	<b>FY20 Actual</b>	<b>FY20 Projected</b>	<b>FY20 Actual vs. FY20 Proj.</b>	<b>%age</b>
General Funds	\$507,573,095	\$508,792,777	(\$1,219,682)	-0.2%
Tuition & Fees	\$240,341,858	\$281,732,359	(\$41,390,501)	-17.2%
RTRF	\$50,692,293	\$50,396,965	\$295,328	0.6%
Other Special Funds	\$166,321,236	\$203,338,817	(\$37,017,581)	-22.3%
Other Revolving Funds	\$31,307,686	\$38,673,086	(\$7,365,400)	-23.5%
Appropriated Federal Funds	\$9,452,213	\$8,624,485	\$827,728	8.8%
<b>Total Expenditures</b>	<b>\$1,005,688,381</b>	<b>\$1,091,558,489</b>	<b>(\$85,870,108)</b>	<b>-8.5%</b>

FY21 operating expenditures are projected to decrease by \$17.5 million, or 1.7% as compared to actual FY20 expenditures. The decline is the result of decreasing expenditures in most fund types. General Fund expenditures increase to match the allocation, as there is no “carry forward” for unspent General Funds. Other Special Fund expenditures are increasing primarily due to one-time expenditures.

It is important to note that these reductions do not assume any furloughs or salary decreases, outside of a planned reduction in the salaries for Executive/Managerial (EM) positions. Outside of this, personnel expenditures are assumed to continue at the rates most recently negotiated through the collective bargaining process.



**SYSTEMWIDE NET OPERATING INCOME**

Revenues less expenditures produce the Net Operating Income for the UH. For FY21, there is a projected total loss of \$14.2 million across all fund types. These amounts include one-time expenditures totaling \$10,340,499 for the entire System.

<b>Net Operating Income</b>	<b>FY21 Projected</b>
General Funds	\$0
Tuition & Fees	\$18,289,005
RTRF	\$6,541,760
Other Special Funds	(\$38,216,982)
Other Revolving Funds	(\$845,622)
Appropriated Federal Funds	\$0
<b>Total NOI</b>	<b>(\$14,231,839)</b>

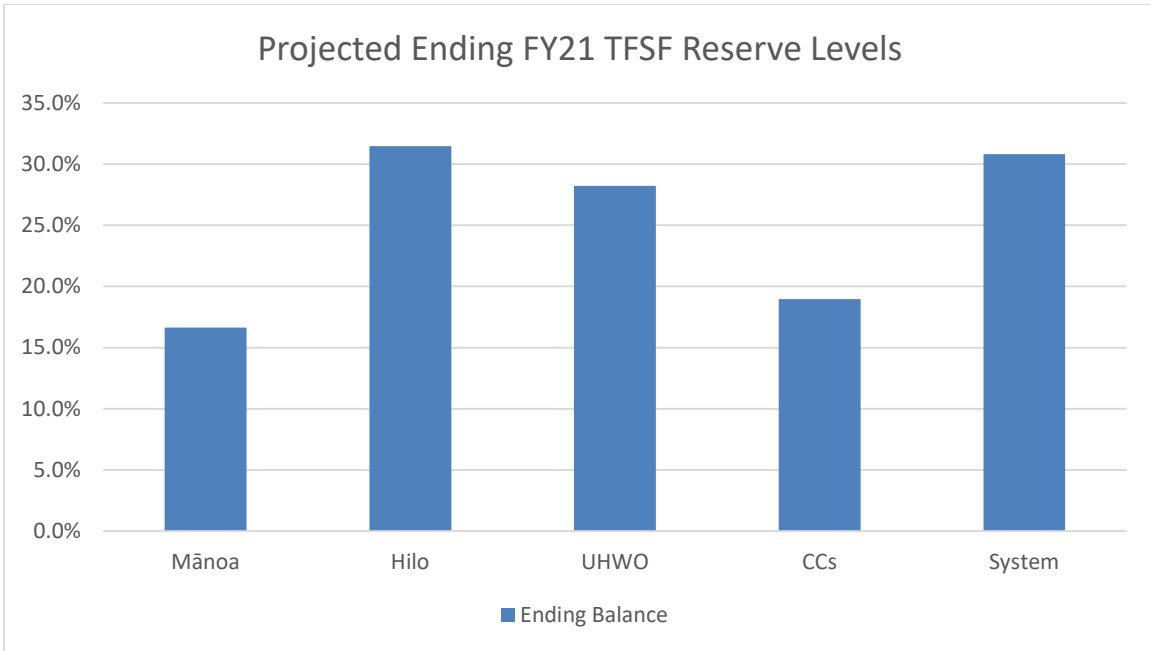
<b>One-Time Expenditures</b>	<b>FY21 Projected</b>
Tuition & Fees	\$5,414,635
RTRF	\$314,210
Other Special Funds	\$3,118,507
Other Revolving Funds	\$1,493,147
<b>Total One-Time Expenditures</b>	<b>\$10,340,499</b>

Even with the large operating loss, fund balances across the UH are sufficient in the short-term to continue services. However, without serious curtailment of this operating loss, fund balances will run out in a few years.

<b>Net Operating Income (All)</b>	<b>FY21 Projected</b>
Net Operating Income	(\$14,231,839)
Beginning Balance	\$300,942,039
Ending Balance	\$286,710,200
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$ 30,079,944
Revised Ending Balance	\$256,630,256
Reserve Requirement (5% Minimum)	\$49,663,303
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$206,966,953</b>

## TFSF RESERVE LEVELS

TFSF reserve levels remain relatively healthy, with all campuses projected to finish FY21 above the 16% target. However, it is important to note that these fund balances are the result of cash preservation strategies taken in the latter part of FY20 and that even with these cost reductions, reserve levels will deplete rapidly if current spending continues for several more years. Additionally, TFSF reserve levels are highly dependent on the availability of General Fund resources, as these two fund (General Fund and TFSF) make up a significant majority of UH’s operating budget.



Campus	FY21 Ending	Held at System
Mānoa	\$ 72,915,578	\$ -
Hilo	\$ 21,464,143	\$ 3,409,435
UHWO	\$ 9,881,813	\$ 1,750,292
CCs	\$ 41,729,595	\$ 11,006,261
System	\$ 15,015,751	\$ 2,436,177
<b>Total</b>	<b>\$ 161,006,880</b>	<b>\$ 18,602,165</b>

## ENROLLMENT

Across all UH campuses, Fall 2020 enrollment appears to be 0.8% below Fall 2019 numbers. The trend is mixed, however with Mānoa and West O’ahu showing gains while Hilo and the Community Colleges have declines. In prior economic downturns, enrollment would increase as job opportunities became scarce or newly unemployed would seek retraining. Although still early in this economic cycle, this trend bears watching.

Additionally, the mix of students appears to be changing as there are fewer international and non-resident students and more resident students. As a result, even with

enrollment increases at certain campuses, that may not translate to increased tuition revenues at those campuses.

Finally, there is uncertainty with TFSF revenues as the amount uncollected at this point in the year is considerably larger than in prior years. Currently there is approximately \$15 outstanding, whereas in a typical year, there is less than \$1 million. This balance will be monitored throughout the fiscal year.

<u>Campus</u>	<u>Mānoa</u>	<u>Hilo</u>	<u>West O’ahu</u>	<u>CCs</u>	<u>Total</u>
% change	3.1%	-6.1%	3.9%	-3.2%	<b>-0.8%</b>

### CARES ACT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law by President Donald Trump in March 2020. The UH received this funding in three tranches as indicated below:

<b>Campus</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Total</b>
UH Mānoa	\$ 5,504,934	\$ 5,504,933	\$ 9,566,804	\$ 20,576,671
UH Hilo	\$ 1,497,363	\$ 1,497,362	\$ 2,691,303	\$ 5,686,028
UH West O’ahu	\$ 697,500	\$ 697,500	\$ 1,238,257	\$ 2,633,257
Community Colleges	\$ 4,310,068	\$ 4,310,064	\$ 7,414,443	\$ 16,034,575
<b>Total</b>	<b>\$ 12,009,865</b>	<b>\$ 12,009,859</b>	<b>\$ 20,910,807</b>	<b>\$ 44,930,531</b>

Tranche 1 funds are for aid awarded and paid directly to students. Tranche 2 can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, such as purchase of equipment or software for distance learning, and training to operate in a remote learning environment. And Tranche 3 can be used to defray institutional expenses, including lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, and payroll.

This spending plan does not use CARES funding to address revenue shortfalls. UH is required by the federal government to complete spending by Spring 2021 and will use the funds appropriately and thoughtfully as clarity on UH’s fiscal conditions increases throughout FY21.

### CONCLUSION

Although this spending plan is considerably better than the one presented to the Board in September, there is also considerable uncertainty. The Governor and State B&F have only released the first half of the fiscal year’s general fund allocations. Additionally, although enrollment is slightly below the prior year, there is also uncertainty because the balance outstanding is higher than in prior years.

While the current situation looks manageable, UH Administration will continue to monitor and will make changes to expenditures as may be necessary by revenue shifts. Additionally, quarterly financial reports to the Board will continue throughout the year.

# University of Hawai‘i at Mānoa

## Introduction

The University of Hawai‘i at Mānoa (UHM or “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 a 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 as 44<sup>th</sup> among public universities in federal research expenditures. UH Mānoa has widely recognized strengths in tropical agriculture, tropical medicine, oceanography, astronomy, marine biology, engineering, volcanology, microbiology, linguistics, 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 102 bachelor’s degrees, 89 master’s degrees, 52 research doctorates, and 5 professional doctorates. Of these, 69 programs are professionally accredited. The campus offers 28 undergraduate certificates, 3 post-baccalaureate certificates, and 40 graduate certificates.

Strategic planning over the past several years provided the campus with a roadmap for budget strategies and priorities over the next five years, all of which has been upended by the COVID-19 pandemic and financial crisis. FY21 is positioned as a year of triage to get through crisis and uncertainty leaving the campus well-positioned for an implementation process beginning in FY22. This process will align the strategic deployment and investment of resources toward the goal of meeting the highest priority needs of the State to ensure economic and social recovery as it builds toward a more sustainable and robust future.

## BUDGET SUMMARY

### Overview

For all funds, UH Mānoa is projecting revenues of \$574.8 million with projected expenditures of \$580.0 million. Discussion of the projected net operating loss follows presentation of the summary tables below. The TFSF is covered in a separate section following the discussion of all funds.

### ALL FUNDS

#### Revenues

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$252,839,614	\$252,633,991	\$205,623	0.08%
Tuition & Fees	\$206,107,415	\$217,655,124	(\$11,547,709)	-5.31%
RTRF	\$32,513,608	\$33,156,124	(\$642,516)	-1.94%
Other Special Funds	\$62,478,697	\$90,528,599	(\$28,049,902)	-30.98%
Other Revolving Funds	\$15,938,528	\$25,463,322	(\$9,524,794)	-37.41%
Appropriated Federal Funds	\$4,954,277	\$5,776,853	(\$822,576)	-14.24%
<b>Total Revenues</b>	<b>\$574,832,139</b>	<b>\$625,214,013</b>	<b>(\$50,381,874)</b>	<b>-8.06%</b>

Type of Fund	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$252,633,991	\$252,615,982	\$18,009	0.0%
Tuition & Fees	\$217,655,124	\$220,228,416	(\$2,573,292)	(1.2%)
RTRF	\$33,156,124	\$31,593,816	\$1,562,308	4.9%
Other Special Funds	\$90,528,599	\$96,322,767	(\$5,794,168)	(1.1%)
Other Revolving Funds	\$25,463,322	\$28,014,441	(\$2,551,119)	(9.1%)
Appropriated Federal Funds	\$5,776,853	\$5,242,760	\$534,093	10.2%
<b>Total Revenues</b>	<b>\$625,214,013</b>	<b>\$634,018,182</b>	<b>(\$8,804,169)</b>	<b>(1.4%)</b>

When comparing the projected FY21 budget against FY20 actuals, revenue is expected to decrease by \$50.4 million. This is a result of reduced levels of tuition revenue and less revenue from special and revolving fund operations.

Tuition and fees are currently projected to decline approximately 5% from the prior year. Enrollment is up by approximately 3% for Fall 2020, and tuition charged for Fall has increased over the previous year. However, significant uncertainties regarding how much tuition will actually be collected remain to be resolved. First, the uncollected tuition amount for Fall is higher than in previous years; and second, the assumptions usually used to project Spring enrollment as a percentage of Fall enrollment may not hold true this academic year. The annual tuition revenue projection has therefore been held at 5% lower than FY20 until more information is available.

Other special and revolving operations include campus auxiliary operations such as bookstore, parking, athletics, student activities, and student and faculty housing. Due to the

anticipation of fewer people on campus (students, employees, and visitors), revenues from customer facing operations are expected to decline. The largest decreases are projected to occur in Athletics and Student Housing. Revenues for student activities are expected to decline in line with a potentially smaller student base. Lower revenues are also expected for associated functions such as division food services because of reduced traffic to food offerings. In addition, a change in the contract for food service causes other revolving revenues to appear significantly lower. In the past, food services collected revenue and recorded related operating expenditures. Under the new contract, they are moving to a proceeds basis which will cause the revenues (and concomitantly the expenditures) to seemingly decline.

Expenditures by Fund Type

Expenditures	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$252,839,614	\$252,579,965	\$259,649	0.1%
Tuition & Fees	\$145,560,880	\$156,202,324	(\$10,641,445)	-6.8%
RTRF	\$26,352,727	\$29,513,981	(\$3,161,254)	-10.7%
Other Special Funds	\$134,637,834	\$125,660,219	\$8,977,615	7.1%
Other Revolving Funds	\$15,649,752	\$25,661,645	(\$10,011,893)	-39.0%
Appropriated Federal Funds	\$4,954,277	\$5,633,645	(\$679,368)	-12.1%
<b>Total Expenditures</b>	<b>\$579,995,084</b>	<b>\$595,251,779</b>	<b>(\$15,256,696)</b>	<b>-2.6%</b>

Expenditures	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$252,579,965	\$253,207,306	(\$627,341)	-0.2%
Tuition & Fees	\$156,202,324	\$173,361,289	(\$17,158,965)	-9.9%
RTRF	\$29,513,981	\$28,157,343	\$1,356,638	4.8%
Other Special Funds	\$125,660,219	\$158,904,785	(\$33,244,566)	-20.9%
Other Revolving Funds	\$25,661,645	\$31,841,092	(\$6,179,447)	-19.4%
Appropriated Federal Funds	\$5,633,645	\$4,773,293	\$860,352	18.0%
<b>Total Expenditures</b>	<b>\$595,251,779</b>	<b>\$650,245,108</b>	<b>(\$54,993,329)</b>	<b>-8.5%</b>

In comparison to FY20 actual expenditures, FY21 expenditures are projected to decrease by about 2.6%. While this appears to be a flat expenditure plan, in actuality there are adjustments to the spend plan in comparison to the prior year.

For General Funds, expenditures remain essentially flat in accordance with the projected general fund revenue amount. Built into the General Fund and TFSF personnel expenditure projections in this plan are the assumptions that: (1) current salaries will be augmented by negotiated collective bargaining increases; and (2) will not be reduced via State-negotiated furloughs or other salary reductions. Neither of these assumptions are known to be valid at this time. EM salary reductions are included in the projected expenditure amounts.

TFSF expenditures on personnel will increase to cover projected collective bargaining increases that may not be fully funded (if at all) by the State. These personnel expenditure increases are offset in part by cost saving measures including the following:

- A strict freeze on all hiring across the Mānoa campus. This freeze will produce a savings to the campus of approximately \$10 million over all sources of funds. The freeze is producing significant disruption to many units, as it includes several senior executive positions (two deans, four major ORU directors, and at least one chaired professor) as well as numerous faculty and staff hires. The units have performed admirably in adjusting to the freeze, with faculty and staff stepping up to fill gaps in capacity in many management, instruction, and service activities.
- A 42% reduction in the budget for lecturers. This has been accomplished through a change in focus of teaching load assignments so that Mānoa can ensure that early year courses and courses required for graduation are given the highest priority. Again, the Deans, Chairs, and faculty have stepped up to contribute to success in this effort. This is projected to produce a savings to the Mānoa campus of approximately \$4.5 million primarily in tuition fund savings.
- A freeze on travel, equipment purchases, other purchases over \$25,000, as well as other operating costs. All such expenditures must be approved by the President, after scrutiny by the Provost and the VCAFO. It is estimated that over the course of FY21, the combination of the freeze plus identification of additional operating cost reductions will produce a savings to the Mānoa campus of approximately \$20 million across all fund sources.
- UHM leadership is continuing to work with the campus units to identify additional opportunities for cost savings during FY21.

Other Special Fund expenditures are expected to increase due to one-time repair and replacement costs. Some of these costs are spilled over from FY20 which were delayed due to the onset of the pandemic. Units are hopeful that these repair and replacement (R&R) costs can be executed during FY21. These represent planned expenditures from reserves for which the units have saved over a multi-year period via contributions to a repair and replacement reserve.

Other revolving expenditures are expected to decrease primarily due to the change in how division food services will receive revenues. In the past, revenue was collected and recorded as related operating expenditures. Under the new contract, movement to a proceeds basis will cause the expenditures to seemingly decline.

Expenditures by Category

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$383,703,863	\$375,611,577	\$8,092,286	2.2%
Lecturer Payroll	\$6,285,511	\$10,743,514	(\$4,458,003)	-41.5%
Student Help Payroll	\$9,245,759	\$10,513,169	(\$1,267,409)	-12.1%
Other Personnel	\$3,079,156	\$3,119,070	(\$39,913)	-1.3%
<i>Subtotal Personnel</i>	<i>\$402,314,290</i>	<i>\$399,987,330</i>	<i>\$2,326,960</i>	<i>0.6%</i>
Utilities	\$46,630,768	\$46,088,050	\$542,718	1.2%
Scholarships, Tuition	\$41,608,377	\$39,712,728	\$1,895,649	4.8%
Other Operating Expenses	\$89,441,649	\$109,463,671	(\$20,022,022)	-18.3%
<i>Subtotal Other</i>	<i>\$177,680,794</i>	<i>\$195,264,449</i>	<i>(\$17,583,655)</i>	<i>-9.0%</i>
<b>Total Expenditures</b>	<b>\$579,995,084</b>	<b>\$595,251,779</b>	<b>(\$15,256,695)</b>	<b>-2.6%</b>

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$375,611,577	\$384,401,964	(\$8,790,387)	-2.3%
Lecturer Payroll	\$10,743,514	\$10,228,016	\$515,498	5.0%
Student Help Payroll	\$10,513,169	\$11,946,299	(\$1,433,130)	-12.0%
Other Personnel	\$3,119,070	\$5,654,828	(\$2,535,758)	-44.8%
<i>Subtotal Personnel</i>	<i>\$399,987,330</i>	<i>\$412,231,107</i>	<i>(\$12,243,777)</i>	<i>-3.0%</i>
Utilities	\$46,088,050	\$51,166,908	(\$5,078,858)	-9.9%
Scholarships, Tuition	\$39,712,728	\$41,847,062	(\$2,134,334)	-5.1%
Other Operating Expenses	\$109,463,671	\$145,000,031	(\$35,536,360)	-24.5%
<i>Subtotal Other</i>	<i>\$195,264,449</i>	<i>\$238,014,001</i>	<i>(\$42,749,552)</i>	<i>-18.0%</i>
<b>Total Expenditures</b>	<b>\$595,251,779</b>	<b>\$650,245,108</b>	<b>(\$54,993,329)</b>	<b>-8.5%</b>



Net Operating Gain (Loss)

Net Operating Income	FY21 Projected	FY20 Actual	FY20 Proj. vs. FY20 Actual	%age
General Funds	\$0	\$54,026	(\$54,026)	-100.0%
Tuition & Fees	\$8,566,613	\$20,393,628	(\$11,827,015)	-58.0%
RTRF	\$3,060,749	\$1,777,187	\$1,283,562	72.2%
Other Special Funds	(\$36,842,611)	\$1,289,933	(\$38,132,544)	-2956.2%
Other Revolving Funds	(\$42,394)	(\$210,010)	\$167,616	-79.8%
Appropriated Federal Funds	\$0	\$143,208	(\$143,208)	-100.0%
<b>Total NOI</b>	<b>(\$25,257,643)</b>	<b>\$23,447,972</b>	<b>(\$48,705,615)</b>	<b>-207.7%</b>

Net Operating Income	FY20 Actual (est.)	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$54,026	\$0	\$54,026	n/a
Tuition & Fees	\$20,393,628	(\$1,876,220)	\$22,269,848	-1187.0%
RTRF	\$1,777,187	\$3,795,118	(\$2,017,931)	-53.2%
Other Special Funds	\$1,289,933	(\$23,965,185)	\$25,255,118	-105.4%
Other Revolving Funds	(\$210,010)	(\$4,190,651)	\$3,980,641	-95.0%
Appropriated Federal Funds	\$143,208	\$469,467	(\$326,259)	-69.5%
<b>Total NOI</b>	<b>\$23,447,972</b>	<b>(\$25,767,471)</b>	<b>\$49,215,443</b>	<b>-191.0%</b>

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

The decrease in TFSF net operating is primarily caused by declining revenues and projected collective bargaining increases without known levels of funding, resulting in a negative net operating income balance. While there is a current operating balance, this amount will be used as a cushion for anticipated shortfalls in the upcoming years.

RTRF net operating income appears to increase due to units conservatively projecting costs for the upcoming year. With hiring controls and restrictions on purchasing in place, projected expenditures are expected to be flat while the revenue may increase due to higher levels of spending in the prior year.

Other Special Funds are projected to have declining net operating income from the prior year. In general, the amount of revenue on special funds are expected to be less than the prior year since these operations deal with the general public as well as the university community. At the same time, the level of expenditure is expected to be about the same. Reserves will need to be used to provided continued levels of service. There are healthy reserves available for this fiscal year to accommodate these impacts across all Other Special Funds but continued revenue shortfalls will not be sustainable for the long term. COVID-related challenges to specific Other Special Funds are discussed below.

The Athletics Special Fund is projecting a \$9.3 million loss in FY21. This projection is based on a set of assumptions including many that are unknown. At this time it is not known if the postponement of all Fall sports will become cancellation. Winter and Spring sports are assumed to begin competing in January 2021, with the exception of basketball which is anticipated to begin competition in November 2020. Based on these assumptions, revenue reductions are expected in the areas of ticket sales, premium seat contributions, concessions, and corporate partnership revenues. Expenditure reductions associated with cancelled Fall competition include game travel (team travel and guarantees/travel subsidies) and game day expenses such as officials. These projections were prepared under the assumption that the football season was decreased to eight games against conference opponents only with no fans allowed at home games. Athletics continues to identify areas of potential cost savings to mitigate additional anticipated losses. UH Mānoa Athletics has been severely challenged financially for over a decade and this pandemic has exacerbated what was becoming unsustainable. A Blue Ribbon Commission composed of various stakeholders has been formed and is in the process of developing recommendations to help address the financial sustainability of UHM Athletics.

The Student Housing Special Fund is projecting a \$10.9 million drop in revenues from \$18.8 million in FY 20 to \$7.9 million in FY 21 due to COVID-19 restrictions on occupancy. Associated revenues for conference housing and food services are projected to decline by \$1 million due to reduced housing occupancy and the closure of the 2020 Summer Conference program. Since fixed operating costs, debt service, and contributions to mandatory reserves cannot be reduced, the projection anticipates using a portion of voluntary reserves to fund current year operations. Projects originally planned to occur in FY20 will be postponed.

Net Operating Gain (Loss)

<b>Net Operating Income (All Funds)</b>	<b>FY21 Projected</b>
Net Operating Income	<b>(\$25,257,643)</b>
Beginning Balance	\$167,382,221
Ending Balance	\$142,124,578
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$17,703,099
Revised Ending Balance	\$124,421,479
Reserve Requirement (5% Minimum)	\$29,152,626
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$95,268,853</b>

After the projected net operating loss of \$25.3 million, Mānoa is projected to have an ending balance of \$142.1 million. Much of this balance is already committed in the form of bond covenant and requirements (\$953K) and RTRF commitments (\$16.7 million). The total of those adjustments is projected to be \$17.7 million in FY21. This revises the projected ending

balance to be \$95.3 million, which remains above the 5% minimum reserve and slightly above the 16% target reserve level of \$93.3 million.

**TUITION AND FEES SPECIAL FUND**

Tuition and Fees Special Fund (TFSF) is projected to have revenues of \$206.1 million, expenditures of \$145.6 million and net transfers of \$52.0 million. After one-time expenditures totaling \$3.1 million, this results in a projected net operating gain of \$8.6 million.

Revenues

<b>FY21 Projected</b>	<b>FY20 Actual</b>	<b>FY21 Proj. vs. FY20 Actual</b>	<b>%age</b>	<b>FY20 Actual</b>	<b>FY20 Projected</b>	<b>FY20 Actual vs. FY20 Proj.</b>	<b>%age</b>
\$206,107,415	\$217,655,124	(\$11,547,709)	-5.3%	\$217,655,124	\$220,228,416	(\$2,573,292)	-1.2%

FY21 tuition is projected to be \$11.5 million less than what was estimated in FY20 due to a conservative estimate for enrollment mostly due to the pandemic. Due to travel restrictions, quarantine requirements and potential visa issues, a conservative decline of about 5% was assumed. Changes in the revenue mix are expected whereby enrollments may increase but the actual dollars received may decline. Particularly, non-resident students pay higher tuition rates and their declining enrollments have a more significant impact on revenues.

## Expenditures

FY21 expenditures are projected to decrease by about 5.3% in comparison to FY20 actuals.

- **Personnel Expenses:** Personnel expenditures are expected to be about the same as they were last fiscal year. This is accounting for potentially unfunded collective bargaining agreement amounts as well as cost savings from EM salary adjustments and retirement savings.
- **Utilities:** Expenditures for utilities on tuition funds are projected to be higher than in FY20, since only 11 months of expenditures were paid out in FY20. Some additional savings in utilities costs are projected due to cost saving measures.
- **Other Operating Expenses:** The combination of the freeze on travel, equipment purchases, and purchases over \$25,000 plus identification of additional operating cost reductions is projected to result in a savings of \$6.3 million (15.9%) on tuition funds.

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$68,424,602	\$68,416,973	\$7,629	0.0%
Lecturer Payroll	\$5,845,700	\$10,207,963	(\$4,362,263)	-42.7%
Student Help Payroll	\$4,173,738	\$4,842,923	(\$669,185)	-13.8%
Other Personnel	\$1,988,107	\$1,708,955	\$279,152	16.3%
<i>Subtotal Personnel</i>	<i>\$80,432,147</i>	<i>\$85,176,814</i>	<i>(\$4,744,667)</i>	<i>-5.6%</i>
Utilities	\$30,484,127	\$29,268,818	\$1,215,309	4.2%
Scholarships, Tuition	\$1,224,659	\$2,028,602	(\$803,943)	-39.6%
Other Operating Expenses	\$33,419,947	\$39,728,090	(\$6,308,143)	-15.9%
<i>Subtotal Other</i>	<i>\$65,128,733</i>	<i>\$71,025,510</i>	<i>(\$5,896,778)</i>	<i>-8.3%</i>
<b>Total Expenditures</b>	<b>\$145,560,880</b>	<b>\$156,202,324</b>	<b>(\$10,641,445)</b>	<b>-6.8%</b>

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$68,416,973	\$78,377,987	(\$9,961,014)	-12.7%
Lecturer Payroll	\$10,207,963	\$9,719,245	\$488,718	5.0%
Student Help Payroll	\$4,842,923	\$5,066,254	(\$223,331)	-4.4%
Other Personnel	\$1,708,955	\$2,570,512	(\$861,557)	-33.5%
<i>Subtotal Personnel</i>	<i>\$85,176,814</i>	<i>\$95,733,998</i>	<i>(\$10,557,184)</i>	<i>-11.0%</i>
Utilities	\$29,268,818	\$30,856,650	(\$1,587,832)	-5.1%
Scholarships, Tuition	\$2,028,602	\$2,144,549	(\$115,947)	-5.4%
Other Operating Expenses	\$39,728,090	\$44,626,092	(\$4,898,002)	-11.0%
<i>Subtotal Other</i>	<i>\$71,025,510</i>	<i>\$77,627,291</i>	<i>(\$6,601,781)</i>	<i>-8.5%</i>
<b>Total Expenditures</b>	<b>\$156,202,324</b>	<b>\$173,361,289</b>	<b>(\$17,158,965)</b>	<b>-9.9%</b>

Net Operating Gain (Loss)

<b>Net Operating Income (TFSF)</b>	<b>FY21 Projected</b>
Net Operating Income	\$8,566,613
Beginning Balance	\$64,348,965
Ending Balance	\$72,915,578
Reserve Requirement (5% Minimum)	\$21,914,872
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$43,749,845</b>

In FY21, TFSF is projected to have a net operating gain of \$8.6 million, which still places the ending balance above the 5% minimum reserve requirement of \$21.9 million outlined in Executive Policy. It is slightly above the 16% reserve target of \$70.1 million. The net operating income from this fiscal year will be used to pay off prior year campus deficits and the balance will be used for anticipated shortfalls in future fiscal years.

## University of Hawai'i at Hilo

UH Hilo is a comprehensive, regional university serving over 3,000 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.

The COVID-19 pandemic will result in a decline in revenue across all fund types with the exception of RTRF. In response to this decline, UH Hilo is planning to reduce both personnel and operational expenditures across instructional, student support, academic support, institutional support and public service units.

**ALL FUNDS**

Revenues

Type of Fund	FY 21 Projected	FY 20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$38,021,457	\$37,004,559	\$1,016,898	2.75%
Tuition & Fees	\$30,888,533	\$33,526,950	(\$2,638,417)	-7.87%
RTRF	\$2,388,217	\$2,388,217	\$0	0.00%
Other Special Funds	\$4,915,977	\$8,196,412	(\$3,280,435)	-40.02%
Other Revolving Funds	\$1,500,047	\$1,906,304	(\$406,257)	-21.31%
Appropriated Federal Funds	\$291,557	\$225,103	\$66,454	29.52%
<b>Total Revenues</b>	<b>\$78,005,788</b>	<b>\$83,247,545</b>	<b>(\$5,241,757)</b>	<b>-6.3%</b>

Type of Fund	FY 20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
General Funds	\$37,004,559	\$37,977,733	(\$973,174)	-2.6%
Tuition & Fees	\$33,526,950	\$32,153,039	\$1,373,911	4.1%
RTRF	\$2,388,217	\$2,559,140	(\$170,923)	-7.2%
Other Special Funds	\$8,196,412	\$8,903,807	(\$707,395)	-8.6%
Other Revolving Funds	\$1,906,304	\$2,009,896	(\$103,592)	-5.4%
Appropriated Federal Funds	\$225,103	\$291,557	(\$66,454)	-29.5%
<b>Total Revenues</b>	<b>\$83,247,545</b>	<b>\$83,895,172</b>	<b>(\$647,627)</b>	<b>-0.8%</b>

Across all funds, revenues are projected to decrease by 6.3% when compared to actual FY20 collections. Tuition and Fees revenue is planned to be \$2.6 million less than FY20 actuals due to enrollment decline. RTRF is projected to remain constant. Other Special Fund revenue is projected to decrease by 40.0% and Revolving Fund revenue is projected to decrease by 21.3% when compared with actual FY20 revenue.

The decrease in Other Special Fund revenue is primarily due to a projected decline in hall occupancy due to the COVID-19 pandemic. For Fall 2020, with 85% of UH Hilo's courses fully online, students opted to return home rather than reside on campus. Revenue from theater ticket sales, athletic events, food concession rebates and facility use is also projected to decrease.

The decrease in Other Revolving Fund revenue is due to the projected decrease in the number of students being physically on campus and overall decline in enrollment. Revenue from student fees and parking permits and citations is projected to decrease.

## Expenditures

Expenditure Category	FY21 Budget	FY20 Actual	FY21 Projected vs. FY20 Actual	%age
Regular Employee Payroll	\$44,467,544	\$43,202,969	\$1,264,575	2.9%
Lecturer Payroll	\$1,377,521	\$1,927,909	(\$550,388)	-28.5%
Student Help Payroll	\$1,715,981	\$2,070,579	(\$354,598)	-17.1%
Other Personnel	\$1,034,777	\$1,851,548	(\$816,771)	-44.1%
<i>Subtotal Personnel</i>	<i>\$48,595,823</i>	<i>\$49,053,005</i>	<i>(\$457,182)</i>	<i>-0.9%</i>
Utilities	\$5,317,087	\$4,897,014	\$420,073	8.6%
Scholarships, Tuition	\$6,985,100	\$6,966,552	\$18,548	0.3%
Repairs & Maintenance	\$3,012,564	\$1,731,656	\$1,280,908	74.0%
Other Operating Expenses	\$14,219,184	\$15,654,502	(\$1,435,318)	-9.2%
<i>Subtotal Other</i>	<i>\$29,533,935</i>	<i>\$29,249,724</i>	<i>\$284,211</i>	<i>1.0%</i>
<b>Total Expenditures</b>	<b>\$78,129,758</b>	<b>\$78,302,729</b>	<b>(\$172,971)</b>	<b>-0.2%</b>

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$43,202,969	\$45,376,103	(\$2,173,134)	-4.8%
Lecturer Payroll	\$1,927,909	\$2,384,571	(\$456,662)	-19.2%
Student Help Payroll	\$2,070,579	\$2,530,071	(\$459,492)	-18.2%
Other Personnel	\$1,851,548	\$1,695,998	\$155,550	9.2%
<i>Subtotal Personnel</i>	<i>\$49,053,005</i>	<i>\$51,986,743</i>	<i>(\$2,933,738)</i>	<i>-5.6%</i>
Utilities	\$4,897,014	\$5,756,110	(\$859,096)	-14.9%
Scholarships, Tuition	\$6,966,552	\$7,269,055	(\$302,503)	-4.2%
Repairs & Maintenance	\$1,731,656	\$1,441,670	\$289,986	20.1%
Other Operating Expenses	\$15,654,502	\$18,331,972	(\$2,677,470)	-14.6%
<i>Subtotal Other</i>	<i>\$29,249,724</i>	<i>\$32,798,807</i>	<i>(\$3,549,083)</i>	<i>-10.8%</i>
<b>Total Expenditures</b>	<b>\$78,302,729</b>	<b>\$84,785,550</b>	<b>(\$6,482,821)</b>	<b>-7.6%</b>

Overall, expenditures are projected to be 0.2% less compared to actual FY20 expenditures. Regular employee payroll is projected to increase by 2.9% due to collective bargaining and increase in fringe costs, however all other personnel categories are projected to decline. The projected FY21 utilities budget is 8.6% more than actual in FY20 because the budgeted amount includes potential rate increases and the opening of the Daniel K. Inouye College of Pharmacy (DKICP) building. Repairs and Maintenance and Other Operating Expenses projected for FY21 include carryover commitments and one-time expenditures such as R&R projects for student housing and the Student Life Center as well as items listed below under TFSF.

In response to the projected decrease in revenue, UH Hilo implemented the following cost saving measures:

- Freeze on filling vacant positions and new hires are made on an exception basis only and requires the approval of the UH President.
- Postpone faculty special salary adjustments and staff special compensation adjustments for retention, equity and performance.



- Reduce 89-day hires by not extending or early termination of current appointments. Projected cost savings is a little more than \$800,000.
- A freeze on out-of-state travel was implemented in FY 2020 and continues into FY 2021. A travel freeze was also placed on inter-island travel.
- A freeze on equipment purchases and new contracts exceeding \$25,000 continues into FY 2021. All contract renewals are being carefully scrutinized and approved only if it is determined that they are absolutely necessary at this time.
- Faculty sabbaticals are being postponed which will help to reduce the cost of hiring lecturer replacements. Lecturer cost is projected to decrease by 28.5%.
- Pcard use has been reduced by limiting the number of employees authorized to make purchases. The Chancellor and Vice Chancellors provided approvals for one to two cardholders from each major department. The remaining cardholders have been instructed not to utilize their Pcards.
- Reduce other operational costs such as supplies, subscriptions, memberships, repairs and maintenance and printing.

Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures) (All Funds Summary)</b>	<b>FY21 Projected</b>
Net Operating Income	(\$3,241,284)
Beginning Balance	\$31,220,166
Ending Balance	\$27,978,882
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$6,100,000
Revised Ending Balance	\$21,878,882
Reserve Requirement (5% Minimum)	\$4,013,856
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$17,865,026</b>

Pursuant to Executive Policy (EP) 2.212, 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 repairing, maintaining, and replacing facility and equipment for revenue generating units, i.e., Student Life Center. In total, this reserve requirement is \$6.1 million.

Although UH Hilo proposes to spend \$3.2 million more than its revenues for FY21 to cover planned expenditures and to fund one-time expenses, the remaining balance of \$21.9 million is still above the minimum threshold.

**TUITION AND FEES SPECIAL FUND**

Revenues

FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
\$30,888,533	\$33,526,950	(\$2,638,417)	-7.87%	\$33,526,950	\$32,153,039	\$1,373,911	4.27%

Tuition and Fee revenues are planned to be 7.9% less than the FY20 actual amount due to a projected enrollment decline, especially in non-resident students.

Expenditures

Expenditure Category	FY21 Budget	FY20 Actual	FY21 Projected vs. FY20 Actual	%age
Regular Employee Payroll	\$6,046,579	\$5,363,905	\$682,674	12.7%
Lecturer Payroll	\$1,362,521	\$1,842,314	(\$479,793)	-26.0%
Student Help Payroll	\$704,030	\$906,511	(\$202,481)	-22.3%
Other Personnel	\$860,000	\$1,538,394	(\$678,394)	-44.1%
<i>Subtotal Personnel</i>	<i>\$8,973,130</i>	<i>\$9,651,124</i>	<i>(\$677,994)</i>	<i>-7.0%</i>
Utilities	\$4,685,850	\$4,117,108	\$568,742	13.8%
Scholarships, Tuition	\$200,000	\$293,221	(\$93,221)	-31.8%
Repairs & Maintenance	\$1,400,000	\$885,982	\$514,018	58.0%
Other Operating Expenses	\$7,665,544	\$8,278,524	(\$612,980)	-7.4%
<i>Subtotal Other</i>	<i>\$13,951,394</i>	<i>\$13,574,835</i>	<i>\$376,559</i>	<i>2.8%</i>
<b>Total Expenditures</b>	<b>\$22,924,524</b>	<b>\$23,225,959</b>	<b>(\$301,435)</b>	<b>-1.3%</b>

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$5,363,905	\$6,847,756	(\$1,483,851)	-21.7%
Lecturer Payroll	\$1,842,314	\$2,295,848	(\$453,534)	-19.8%
Student Help Payroll	\$906,511	\$994,365	(\$87,854)	-8.8%
Other Personnel	\$1,538,394	\$1,210,000	\$328,394	27.1%
<i>Subtotal Personnel</i>	<i>\$9,651,124</i>	<i>\$11,347,969</i>	<i>(\$1,696,845)</i>	<i>-15.0%</i>
Utilities	\$4,117,108	\$4,810,850	(\$693,742)	-14.4%
Scholarships, Tuition	\$293,221	\$545,000	(\$251,779)	-46.2%
Repairs & Maintenance	\$885,982	\$1,000,000	(\$114,018)	-11.4%
Other Operating Expenses	\$8,278,524	\$9,210,702	(\$932,178)	-10.1%
<i>Subtotal Other</i>	<i>\$13,574,835</i>	<i>\$15,566,552</i>	<i>(\$1,991,717)</i>	<i>-12.8%</i>
<b>Total Expenditures</b>	<b>\$23,225,959</b>	<b>\$26,914,521</b>	<b>(\$3,688,562)</b>	<b>-13.7%</b>

Regular employee payroll is planned to be more in FY21 compared to actual expenditures in FY20 due to collective bargaining and fringe benefit increases. The projected

FY21 utilities budget is 13.8% more than actual in FY20 because the budgeted amount includes potential rate increases and the opening of the DKICP building. Repairs and Maintenance is projected to increase due to carry-over and one-time commitments as listed below.

Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures) (TFSF)</b>	<b>FY21 Budget</b>
Net Operating Income	\$0
Beginning Balance	\$21,464,143
Ending Balance	\$21,464,143
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	
Revised Ending Balance	\$21,464,143
Reserve Requirement (5% Minimum)	\$3,411,580
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$18,052,563</b>

UH Hilo’s TFSF ending balance is \$21.5 million, which represents approximately 31.5% of its annual expenditures.

**Carry-over Commitments:**

**\$300,000 - 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 \$300,000 represents funds that were carried forward from FY20 and will be used for projects that were planned for FY20 but delayed to this year. Projects include the replacement of three 75-gallon gas water heaters located in the campus center kitchen facility and design work for the farm improvements, gutter replacement and improvements to the Kilohana Center.

**\$264,938 - energy efficiency reinvestment**

UH Hilo has established a special energy reinvestment account. \$264,938 is the remaining balance from funds that were budgeted in FY20. It is earmarked for projects that will result in lowering energy costs.

**\$14,000 – electronic health record system (EHR)**

UH Hilo’s Student Medical Service (SMS) planned to purchase an electronic health record system in FY20 with grant funds and tuition. Due to the complexity of the data involved, it took some time for the review process to be completed and the purchase could not be completed in FY20. The EHR system will help to enhance patient flow, patient privacy, accessibility, and necessary HIPAA compliance updates. This will help reduce institutional risk and liability.

**One-time expenses:**

**\$400,000 – repair and replace air conditioning systems**

The air conditioning systems in the College of Forestry and Natural Resource Management building is inoperable. One unit requires repairs and the other unit is beyond repair and needs to be replaced.

**\$498,532– 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.

**\$858,000 – decommissioning of the Hōkū Ke’a educational telescope**

UH Hilo plans to fund the deconstruction of the educational telescope facility and restoration of the site at the summit of Maunakea.

# University of Hawai'i West O'ahu

## Introduction

The University of Hawai'i West O'ahu (UHWO) offers a distinct, 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 blends Native Hawaiian traditional and cultural practices with those of other ethnicities to provide dynamic learning environments where all students learn, discover, innovate, engage, and thrive as UHWO become 21<sup>st</sup> Century leaders and career creators.

As a growing campus, the slightest of deviations in General and/or TFSF can have significant impacts on UHWO. To address the anticipated fiscal crises, UHWO's action strategy during the last quarter of FY20 was "cash preservation." This theme continues into FY21 as UHWO continues to strategically reduce costs, prioritize signature academic programs, sharpen student services, grow enrollment (and tuition revenue), and increase efficiency and effectiveness. In addition to the President's mitigation efforts, UHWO has also implemented additional approvals for all procurement transactions, temporarily suspended a majority of campus purchasing cards, developed a streamlined and comprehensive review process for all personnel and position action requests, conducted an assessment of all operational costs to include only those deemed operationally critical, continued financial monitoring through monthly reporting and analyses, and utilized CARES funding strategically to reduce operational costs.

Over the course of this fiscal year, UHWO will continue to explore and implement cost-saving measures to enhance its budget through increased enrollment (tuition revenues) and continually seek opportunities for further savings, while attempting to limit the use of and/or strategically utilize cash reserves. This short-term plan serves as a bridge affording the campus community an opportunity to define strategic actions that will reposition UHWO academically and financially for success in FY22 and beyond.

**BUDGET SUMMARY  
ALL FUNDS**

Revenues

Type of Fund	FY21 Projected	FY 20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$18,047,872	\$18,105,636	(\$57,764)	-0.3%
Tuition & Fees	\$16,560,000	\$17,702,735	(\$1,142,735)	-6.5%
RTRF	\$367,653	\$367,653	\$0	0.0%
Other Special Funds	\$54,558	\$306,913	(\$252,355)	-82.2%
Other Revolving Funds	\$717,911	\$794,841	(\$76,930)	-9.7%
Appropriated Federal Funds	\$100,000	\$96,331	\$3,669	29.5%
<b>Total Revenues</b>	<b>\$35,847,994</b>	<b>\$37,374,109</b>	<b>(\$1,526,115)</b>	<b>-4.1%</b>

Type of Fund	FY 20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
General Funds	\$18,105,636	\$18,291,413	(\$185,777)	-1.0%
Tuition & Fees	\$17,702,735	\$18,291,214	(\$588,479)	-3.2%
RTRF	\$367,653	\$254,520	\$113,133	44.4%
Other Special Funds	\$306,913	\$286,700	\$20,213	7.1%
Other Revolving Funds	\$794,841	\$879,500	(\$84,659)	-9.6%
Appropriated Federal Funds	\$96,331	\$100,000	(\$3,669)	-3.7%
<b>Total Revenues</b>	<b>\$37,374,109</b>	<b>\$38,103,347</b>	<b>(\$729,238)</b>	<b>-1.9%</b>

UHWO is projecting a 10% General Fund restriction on the discretionary part of its budget due to the State's economy during the pandemic. Although Fall enrollment numbers are projected to increase, UHWO is anticipating a higher amount of accounts receivable due to the state of the economy and hardships experienced by its students, thus assuming a 6.5% decrease in tuition revenue in FY21 as compared to the actual tuition revenue collected in FY20.

Other Special Funds revenue is projected to decrease in FY21 by 82% compared to FY20 actual collections due to a planned decrease in revenue as stated in the signed agreement for the 'Ulu 'Ulu Program and a decrease in international programs due to the strains caused by the pandemic. Similarly, Other Revolving Funds will also experience a decrease in revenue as facility rentals are on pause during the pandemic.

Expenditures

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$21,070,548	\$20,972,016	\$98,532	0.5%
Lecturer Payroll	\$2,818,259	\$2,720,692	\$97,567	3.6%
Student Help Payroll	\$448,826	\$626,814	(\$177,988)	-28.4%
Other Personnel	\$304,878	\$377,114	(\$72,236)	-19.2%
<i>Subtotal Personnel</i>	<i>\$24,642,511</i>	<i>\$24,696,636</i>	<i>(\$54,125)</i>	<i>-0.2%</i>
Utilities	\$2,003,000	\$2,299,653	(\$296,653)	-12.9%
Scholarships, Tuition	\$2,390,000	\$2,280,153	\$109,847	4.8%
Other Operating Expenses	\$3,050,296	\$2,691,553	\$358,743	13.3%
<i>Subtotal Other</i>	<i>\$7,443,296</i>	<i>\$7,271,359</i>	<i>\$171,937</i>	<i>2.4%</i>
<b>Total Expenditures</b>	<b>\$32,085,807</b>	<b>\$31,967,995</b>	<b>\$117,812</b>	<b>0.4%</b>

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$20,972,016	\$21,373,696	(\$401,680)	-1.9%
Lecturer Payroll	\$2,720,692	\$2,726,973	(\$6,281)	-0.2%
Student Help Payroll	\$626,814	\$641,500	(\$14,686)	-2.3%
Other Personnel	\$377,114	\$437,200	(\$60,086)	-13.7%
<i>Subtotal Personnel</i>	<i>\$24,696,636</i>	<i>\$25,179,369</i>	<i>(\$482,733)</i>	<i>-1.9%</i>
Utilities	\$2,299,653	\$5,740,606	(\$3,440,953)	-59.9%
Scholarships, Tuition	\$2,280,153	\$2,591,500	(\$311,347)	-12.0%
Other Operating Expenses	\$2,691,553	\$4,309,157	(\$1,617,604)	-37.5%
<i>Subtotal Other</i>	<i>\$7,271,359</i>	<i>\$12,641,263</i>	<i>(\$5,369,904)</i>	<i>-42.5%</i>
<b>Total Expenditures</b>	<b>\$31,967,995</b>	<b>\$37,820,632</b>	<b>(\$5,852,637)</b>	<b>-15.5%</b>

Overall, expenditures are projected to increase by .4% compared to FY20 actual expenditures, but significantly less than what was budgeted in FY20. In compliance with EP 6.204 Student Financial Assistance Program, UHWO has budgeted \$2.36 million of its AY19-20 tuition revenue for student scholarships in FY21, a 4.8% increase from the actual FY20 scholarships issued across all funds. RTRF expenditures are projected to increase in FY21 to support grant initiatives, faculty scholarly opportunities, utilities, and to provide seed funds to obtain additional grants. Other Special and Other Revolving Fund expenditures are expected to increase to support one-time costs for campus repair, replacement, and maintenance projects totaling \$430,000.

In FY20, UHWO experienced a significant 15.5% variance, or \$5.9 million less than budgeted. Contributing to the variance was the actual retroactive sewer cost which was \$2.6 million below the projected \$3.8 million. In addition, as the fiscal uncertainties due to the pandemic became apparent, campus administrators implemented means to preserve its cash while adhering to the Governor and President's imposed restrictions. As a whole, the coronavirus halted many plans during the fourth quarter of FY20 which resulted in a decrease in expenditures that were projected across most fund types.

Net Operating Gain (Loss)

<b>Net Operating Income (All Funds)</b>	<b>FY21 Projected</b>
Net Operating Income (including one-time expenditures)	<b>(\$198,052)</b>
Beginning Balance	\$14,501,907
Ending Balance	\$14,303,855
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$1,256,845
Revised Ending Balance	\$13,047,010
Reserve Requirement (5% Minimum)	\$1,812,352
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$11,234,658</b>

The projected net operating loss of \$198,052 includes one-time expenditures totaling \$430,000 for three urgent repair, replacement, and maintenance projects. Across all funds, UHWO is projected to have an ending balance of \$14.3 million. Of this amount, \$1.3 million is held in the repair and replacement reserve per Executive Policy EP2.212. The revised ending balance of \$13 million remains above the 5% and 16% minimum reserve requirements.

**TUITION AND FEES SPECIAL FUND**

Revenues

<b>FY21 Projected</b>	<b>FY20 Actual</b>	<b>FY21 Proj. vs. FY20 Actual</b>	<b>%age</b>	<b>FY20 Actual</b>	<b>FY20 Projected</b>	<b>FY20 Actual vs. FY20 Proj.</b>	<b>%age</b>
\$16,560,000	\$17,702,735	<b>(\$1,142,735)</b>	<b>-6.5%</b>	\$17,702,735	\$18,291,214	<b>(\$588,479)</b>	<b>-3.2%</b>

In FY21, the 6.5% revenue decrease compared to FY20 actual revenue is based on a projected 5% decrease in tuition revenue for AY20-21 using IRAO projections. While UHWO is projecting an increase in enrollment, there are also a higher rate of accounts receivable as the State's economy suffers from the pandemic. Despite the economic challenges, UHWO will continue to focus on aggressive student recruitment efforts. To aid in this effort, UHWO has contracted services with EAB Global, Inc., to assist with recruitment efforts targeting the high school senior population.



Expenditures

Expenditure Category	FY21 Budget	FY20 Actual	FY21 Projected vs. FY20 Actual	%age
Regular Employee Payroll	\$5,019,728	\$5,015,043	\$4,685	0.1%
Lecturer Payroll	\$167,319	\$223,304	(\$55,985)	-25.1%
Student Help Payroll	\$226,076	\$390,543	(\$164,467)	-42.1%
Other Personnel	\$26,320	\$276,396	(\$250,076)	-90.5%
<i>Subtotal Personnel</i>	<i>\$5,439,443</i>	<i>\$5,905,286</i>	<i>(\$465,843)</i>	<i>-7.9%</i>
Utilities	\$1,977,500	\$2,269,324	(\$291,824)	-12.9%
Scholarships, Tuition	\$0	\$0	\$0	
Other Operating Expenses	\$2,096,471	\$2,210,809	(\$114,338)	-5.2%
<i>Subtotal Other</i>	<i>\$4,073,971</i>	<i>\$4,480,133</i>	<i>(\$406,162)</i>	<i>-9.1%</i>
<b>Total Expenditures</b>	<b>\$9,513,414</b>	<b>\$10,385,419</b>	<b>(\$872,005)</b>	<b>-8.4%</b>

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$5,015,043	\$5,096,864	(\$81,821)	-1.6%
Lecturer Payroll	\$223,304	\$292,000	(\$68,696)	-23.5%
Student Help Payroll	\$390,543	\$322,000	\$68,543	21.3%
Other Personnel	\$276,396	\$187,000	\$89,396	47.8%
<i>Subtotal Personnel</i>	<i>\$5,905,286</i>	<i>\$5,897,864</i>	<i>\$7,422</i>	<i>0.1%</i>
Utilities	\$2,269,324	\$5,713,606	(\$3,444,282)	-60.3%
Scholarships, Tuition	\$0	\$0	\$0	
Other Operating Expenses	\$2,210,809	\$3,270,000	(\$1,059,191)	-32.4%
<i>Subtotal Other</i>	<i>\$4,480,133</i>	<i>\$8,983,606</i>	<i>(\$4,503,473)</i>	<i>-50.1%</i>
<b>Total Expenditures</b>	<b>\$10,385,419</b>	<b>\$14,881,470</b>	<b>(\$4,496,051)</b>	<b>-30.2%</b>

FY21 TFSF expenditures are projected to decrease by 8.4% or \$872,005 over the actual amount expended in FY20. Extramural funds to include the CARES Act were secured to support student employment, temporary and casual hires, and other operating expenses in FY21.

In the final quarter of FY20 when the COVID-19 pandemic realities hit the State, campus administrators assessed its financial situation and implemented means to preserve its cash and adhered to the Governor and President's imposed restrictions which resulted in a 30.2% decrease in planned expenditures. This cautious and conservative approach was applied to the FY21 budget structuring. Also contributing to the variance in FY20 was the actual retroactive sewer cost which was \$2.59 million below the projected \$3.75 million.

Transfers

In FY21, UHWO will transfer approximately \$6.6 million, or 40% of its estimated tuition revenue, for debt service commitments (\$4.14 million), UHWO scholarships (\$2.36 million) as mandated in EP 6.204, and system assessments (\$125K).

Net Operating Gain (Loss)

<b>Net Operating Income (TFSF)</b>	<b>FY21 Projected</b>
Net Operating Income (including one-time expenditures)	\$425,362
Beginning Balance	\$9,456,451
Ending Balance	\$9,881,813
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$0
Revised Ending Balance	\$9,881,813
Reserve Requirement (5% Minimum)	\$1,724,175
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$8,157,638</b>

With a cautious approach to its spending plan in FY21, the campus is projecting to have an ending balance of \$9.9 million and sufficient funds to meet its 5% and 16% reserve requirements.

## Community Colleges

### Introduction

The University of Hawai'i Community Colleges (UHCC) is dedicated to increasing the educational capital of the State, addressing the needs of underserved populations, and revitalizing and expanding the State's economy. The UHCC provides 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.

### ALL FUND SUMMARY

#### Revenues

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj vs FY20 Actual	%age
General	150,468,316	149,720,977	747,339	0.5%
Tuition & Fees	54,585,497	60,290,230	(5,704,733)	-9.5%
RTRF	1,504,078	1,664,868	(160,790)	-9.7%
Other Special Funds	14,524,272	16,902,888	(2,378,616)	-14.1%
Other Revolving Funds	987,426	1,634,096	(646,670)	-39.6%
Appropriated Federal	2,867,849	2,981,603	(113,754)	-3.8%
<b>Total</b>	<b>224,937,438</b>	<b>233,194,662</b>	<b>(8,257,224)</b>	<b>-3.5%</b>

Type of Fund	FY20 Actual	FY20 Projected	FY20 Proj vs FY20 Actual	%age
General	149,720,977	149,964,185	(243,208)	-0.2%
Tuition & Fees	60,290,230	59,894,074	396,156	0.7%
RTRF	1,664,868	1,998,835	(333,967)	-16.7%
Other Special Funds	16,902,888	16,832,493	70,395	0.4%
Other Revolving Funds	1,634,096	1,742,347	(108,251)	-6.2%
Appropriated Federal	2,981,603	2,749,635	231,968	8.4%
<b>Total</b>	<b>233,194,662</b>	<b>233,181,569</b>	<b>13,093</b>	<b>0.0%</b>

General Fund revenues show a slight increase of \$0.7 million, or 0.5%. It is an estimated annual allocation based on what was actually provided in the first half of the fiscal year.

Tuition revenue projections show a \$5.7 million decrease, or 9.5%. While overall Student Semester Hour (SSH) enrollment fell by approximately 6%, the drop in total revenue is higher due to reductions in non-resident enrollment. Going forward, it is hoped that tuition revenue will fully recover as the UHCC continue to play an essential role in training workers for the new economy shaped by the COVID-19 pandemic.

Other Special Fund revenue projections show a decrease of \$2.4 million, or 14.1%. This fund includes a wide variety of revenue generating activities that include non-credit instruction, Summer session and various auxiliary type services. The decrease in revenue reflects the challenge of providing short-term workforce training and community enrichment programs that are traditionally hands-on and provided face-to face. It also reflects a decrease in services provided to students and the community at-large, like food services and facilities use that are impacted by a student body receiving instructional services online and a community adhering to social distancing requirements. These programs exist on a largely self-sustaining basis so that any reductions in revenue will be met by corresponding decreases in expenses.

Other Revolving Fund revenue projections show a decrease of \$0.6 million, or 39.6%. This is primarily due to the waiving of Student Activity fees for students receiving instruction online. It is also reflective of a decrease in Conference Center activities that are funded through Other Revolving Funds.

#### Expenses

Exp Category	FY21 Projected	FY20 Actual	FY21 Proj vs FY20 Actual	%age
Regular Employee Payroll	136,412,696	136,634,866	(222,170)	-0.2%
Lecturer Payroll	21,944,216	22,158,409	(214,193)	-1.0%
Student Help Payroll	2,978,788	3,673,669	(694,881)	-18.9%
Other Personnel	1,291,415	2,238,432	(947,017)	-42.3%
<b>Subtotal</b>	<b>162,627,115</b>	<b>164,705,376</b>	<b>(2,078,261)</b>	<b>-1.3%</b>
Utilities	9,507,050	11,333,110	(1,826,060)	-16.1%
Scholarships, Tuition	7,960,417	8,141,537	(181,120)	-2.2%
Other Operating Exp	30,986,783	29,816,332	1,170,451	3.9%
<b>Subtotal</b>	<b>48,454,250</b>	<b>49,290,979</b>	<b>(836,729)</b>	<b>-1.7%</b>
<b>Total</b>	<b>211,081,365</b>	<b>213,996,355</b>	<b>(2,914,990)</b>	<b>-1.4%</b>

Type of Fund	FY20 Actual	FY20 Projected	FY20 Proj vs FY20 Actual	%age
Regular Employee Payroll	136,634,866	141,360,024	(4,725,158)	-3.3%
Lecturer Payroll	22,158,409	22,079,042	79,367	0.4%
Student Help Payroll	3,673,669	4,539,575	(865,906)	-19.1%
Other Personnel	2,238,432	2,581,086	(342,654)	-13.3%
<b>Subtotal</b>	<b>164,705,376</b>	<b>170,559,727</b>	<b>(5,854,351)</b>	<b>-3.4%</b>
Utilities	11,333,110	11,644,982	(311,872)	-2.7%
Scholarships, Tuition	8,141,537	8,169,421	(27,884)	-0.3%
Other Operating Exp	29,816,332	38,769,133	(8,952,801)	-23.1%
<b>Subtotal</b>	<b>49,290,979</b>	<b>58,583,536</b>	<b>(9,292,557)</b>	<b>-15.9%</b>
<b>Total</b>	<b>213,996,355</b>	<b>229,143,263</b>	<b>(15,146,908)</b>	<b>-6.6%</b>

Expenditure reductions:

- Regular employee payroll projections show a net decrease due to the elimination of vacant general funded positions and reductions in Executive Managerial salaries. These decreases are offset by increases in negotiated collective bargaining requirements.
- Student Help and Other Personnel expenses show a decrease due to efforts to conserve funds because of the financial uncertainty created by the COVID-19 Pandemic.
- Utilities show a decrease due to renewable energy projects and reduced consumption associated with online instruction.

Net Operating Gain (Loss)

<b>Net Operating Income (All)</b>	<b>FY21 Projected</b>
Net Operating Income	9,040,231
Beginning Balance	54,592,041
Ending Balance	63,632,272
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	3,200,000
Revised Ending Balance	60,432,272
Reserve Requirement (5% Minimum)	10,701,951
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>49,730,321</b>

Projected revenues exceed the projected expenditures by \$9 million. The funding will be carried over into the next fiscal year to mitigate anticipated revenue reductions in upcoming years.

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

**TUITION AND FEES SPECIAL FUND**

Revenues

FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
54,585,497	60,290,230	(5,704,733)	-9.5%	60,290,230	59,894,074	396,156	0.7%

Tuition revenue projections show a \$5.7 million decrease, or 9.5%. While overall Student Semester Hour (SSH) enrollment fell by approximately 6%, the drop in total revenue is higher due to reductions in non-resident enrollment. Going forward, it is hoped that tuition revenue will fully recover as the UHCC continue to play an essential role in training workers for the new economy shaped by the COVID-19 pandemic.

Expenditures

Exp Category	FY21 Projected	FY20 Actual	FY21 Proj vs FY20 Actual	%age
Regular Employee Payroll	5,821,891	7,892,633	(2,070,742)	-26.2%
Lecturer Payroll	0	487,656	(487,656)	-100.0%
Student Help Payroll	1,826,182	2,434,907	(608,725)	-25.0%
Other Personnel	295,958	1,140,895	(844,937)	-74.1%
<b>Subtotal</b>	<b>7,944,031</b>	<b>11,956,091</b>	<b>(4,012,060)</b>	<b>-33.6%</b>
Utilities	6,001,705	4,776,609	1,225,096	25.6%
Scholarships, Tuition	5,386,474	5,679,850	(293,376)	-5.2%
Other Operating Exp	21,010,543	20,354,349	656,194	3.2%
<b>Subtotal</b>	<b>32,398,722</b>	<b>30,810,808</b>	<b>1,587,914</b>	<b>5.2%</b>
<b>Total</b>	<b>40,342,753</b>	<b>42,766,899</b>	<b>(2,424,146)</b>	<b>-5.7%</b>

Type of Fund	FY20 Actual	FY20 Projected	FY20 Proj vs FY20 Actual	%age
Regular Employee Payroll	7,892,633	10,956,739	(3,064,106)	-28.0%
Lecturer Payroll	487,656	804,648	(316,992)	-39.4%
Student Help Payroll	2,434,907	2,902,890	(467,983)	-16.1%
Other Personnel	1,140,895	1,328,124	(187,229)	-14.1%
<b>Subtotal</b>	<b>11,956,091</b>	<b>15,992,401</b>	<b>(4,036,310)</b>	<b>-25.2%</b>
Utilities	4,776,609	4,691,003	85,606	1.8%
Scholarships, Tuition	5,679,850	5,538,346	141,504	2.6%
Other Operating Exp	20,354,349	29,038,789	(8,684,440)	-29.9%
<b>Subtotal</b>	<b>30,810,808</b>	<b>39,268,138</b>	<b>(8,457,330)</b>	<b>-21.5%</b>
<b>Total</b>	<b>42,766,899</b>	<b>55,260,539</b>	<b>(12,493,640)</b>	<b>-22.6%</b>

- Regular Payroll and Lecturers show a reduction primarily due to the transfer of expenses between the GF and the TFSF.
- Conversely, the increase in utilities is due to expenditure transfers in the opposite direction. When combined with the GF, Utilities costs were reduced by an estimated 20% due to renewable energy projects and reduced consumption associated with online instruction.
- Student Help and Other Personnel show reductions to accommodate the overall projected drop in revenues.
- Scholarships show a reduction due to declining tuition revenue in preceding years. Scholarships to be awarded in any given year are calculated based on tuition revenues collected in the prior year.

Net Operating Gain (Loss)

<b>Net Operating Income (All)</b>	<b>FY21 Projected</b>
Net Operating Income	9,040,231
Beginning Balance	32,689,364
Ending Balance	41,729,595
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	2,500,000
Revised Ending Balance	39,229,595
Reserve Requirement (5% Minimum)	9,851,162
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>29,378,433</b>

Projected revenues exceed the projected expenditures by \$9 million. The funding will be carried over into the next fiscal year to mitigate anticipated revenue reductions in upcoming years.

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

## 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 UH 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.

The System 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 and Chief Financial Officer, Vice President for Information Technology and Chief Information Officer, Vice President for Legal Affairs and University General Counsel, and Vice President for Research and Innovation. The System budget supports 54 offices and programs which includes 409 appropriated General Fund, 20 Special Fund, 4 Federal Fund, and 15 Revolving Fund permanent Full Time Equivalent (FTE) positions.

The impact of COVID-19 to the UH's budget in FY21 is still uncertain as the full budget allocation from the State has not yet been provided. With one of the highest unemployment rates in the nation, and tourism at a standstill, there is uncertainty of the time to recover Hawai'i's economy. In FY21, the System's operative budget will focus on minimizing adverse impact to core central functions that support all ten campuses, while containing costs to position ourselves for the next several fiscal years.



**BUDGET SUMMARY  
ALL FUNDS**

Revenues

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$55,771,102	\$50,176,842	\$5,594,260	11.10%
Tuition & Fees	\$1,178,928	\$2,194,333	(\$1,015,405)	-46.30%
RTRF	\$15,343,692	\$14,359,107	\$984,585	6.90%
Other Special Funds	\$4,638,500	\$4,974,818	(\$336,318)	-6.80%
Other Revolving Funds	\$1,338,172	\$2,053,179	(\$715,007)	-34.80%
Appropriated Federal Funds	\$656,000	\$508,736	\$147,264	28.90%
<b>Total Revenues</b>	<b>\$78,926,394</b>	<b>\$74,267,014</b>	<b>\$4,659,380</b>	<b>6.30%</b>

Type of Fund	FY20 Actual	FY20 Projected	FY21 Actual vs. FY20 Proj.	%age
General Funds	\$50,176,842	\$54,072,839	(\$3,895,997)	-7.20%
Tuition & Fees	\$2,194,333	\$3,053,249	(\$858,916)	-28.10%
RTRF	\$14,359,107	\$15,684,956	(\$1,325,849)	-8.50%
Other Special Funds	\$4,974,818	\$4,780,385	\$194,433	4.10%
Other Revolving Funds	\$2,053,179	\$1,091,165	\$962,014	88.20%
Appropriated Federal Funds	\$508,736	\$656,000	(\$147,264)	-22.40%
<b>Total Revenues</b>	<b>\$74,267,014</b>	<b>\$79,338,594</b>	<b>(\$5,071,580)</b>	<b>-6.40%</b>

The State has released two quarters of FY21 general funds allocation. This budget was derived annualizing the State's current allocation to the UH. All other funds were projected based on actual estimated revenue and expenditures.

Actual General Fund revenue in FY20 does not include \$3.4 million in transfers from System to various UH campuses. Among the most significant transfers were \$2.5 million for Performance Funding and \$1.1 for Academy for Creative Media (ACM). Additionally, the System budget expends \$3 million for B Plus scholarships and \$1.4 million for WICHE scholarships from its general funds revenue for the campuses. Projected General Fund transfers in FY21 total \$6.48 million, which again include transfers for Performance Funding, and the continued commitment of B Plus scholarships of \$3 million and WICHE of \$1.47 million. 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 FY20 increased slightly with the collection of payment for the Information Technology Services (ITS) co-location charge that was initially budgeted in FY19, coupled with a reimbursement to UH Ventures LLC from the Innovation and Commercialization Initiative Special Fund. FY21 Other Special Funds revenue is forecasted to decrease slightly as a conservative measure from the effects of COVID-19 on program revenues.

Actual Other Revolving Funds revenue in FY20 was higher than budgeted due to land

development investment. Similar to Other Specials Funds, Other Revolving Funds revenue in FY21 is forecasted to decrease slightly as a conservative measure from the effects of COVID-19 on program revenues.

Expenditures

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$45,098,994	\$45,019,439	\$79,555	0.20%
Lecturer Payroll	\$0	\$58,787	(\$58,787)	-100.00%
Student Help Payroll	\$974,407	\$1,231,888	(\$257,481)	-20.90%
Other Personnel	\$1,280,536	\$489,880	\$790,656	161.40%
<i>Subtotal Personnel</i>	<i>\$47,353,937</i>	<i>\$46,799,994</i>	<i>\$553,943</i>	<i>1.20%</i>
Utilities	\$1,919,901	\$1,456,462	\$463,439	31.80%
Scholarships, Tuition	\$3,000,000	\$3,067,315	(\$67,315)	-2.20%
Other Operating Expenses	\$34,602,527	\$34,845,753	(\$243,226)	-0.70%
<i>Subtotal Other</i>	<i>\$39,522,428</i>	<i>\$39,369,530</i>	<i>\$152,898</i>	<i>0.40%</i>
<b>Total Expenditures</b>	<b>\$86,876,365</b>	<b>\$86,169,524</b>	<b>\$706,841</b>	<b>0.80%</b>

Expenditure Category	FY20 Actual	FY20 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$45,019,439	\$48,967,287	(\$3,947,848)	-8.10%
Lecturer Payroll	\$58,787	\$0	\$58,787	100.00%
Student Help Payroll	\$1,231,888	\$1,104,972	\$126,916	11.50%
Other Personnel	\$489,880	\$405,068	\$84,812	20.90%
<i>Subtotal Personnel</i>	<i>\$46,799,994</i>	<i>\$50,477,327</i>	<i>(\$3,677,333)</i>	<i>-7.30%</i>
Utilities	\$1,456,462	\$1,262,590	\$193,872	15.40%
Scholarships, Tuition	\$3,067,315	\$4,438,914	(\$1,371,599)	-30.90%
Other Operating Expenses	\$34,845,753	\$33,385,105	\$1,460,648	4.40%
<i>Subtotal Other</i>	<i>\$39,369,530</i>	<i>\$39,086,609</i>	<i>\$282,921</i>	<i>0.70%</i>
<b>Total Expenditures</b>	<b>\$86,169,524</b>	<b>\$89,563,936</b>	<b>(\$3,394,412)</b>	<b>-3.80%</b>

In FY20, projected payroll and other operating expenditures were less than budgeted. FY21 expenditures are projected to increase slightly in Regular Employee Payroll due to the collective bargaining increase approved by the Legislature. Collective bargaining augmentation has not been given to State departments yet, and was not included in this budget. Other Operating Expenses are projected to decrease due to implemented freezes on hiring, travel, equipment purchases and new contracts.

Net Operating Gain (Loss)

<b>Net Operating Income (All Funds)</b>	<b>FY21 Projected</b>
Net Operating Income	\$5,424,909
Beginning Balance	\$33,245,703
Ending Balance	\$38,670,612
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	15,500,000
Revised Ending Balance	\$23,170,612
Reserve Requirement (5% Minimum)	\$3,378,369
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$19,792,243</b>

Net operating income is projected to be positive as a strategic measure to keep operating expenditures in check for this fiscal year, so to maximize carryover cash balances for the next couple of fiscal years as the economy recovers.

Other reserve requirements include \$1.5 million for IT building debt service, \$3 million UH Foundation annual payment, \$5 million Risk Management special fund for self-insurance, \$1.5 million in IT Special Fund for ongoing operational cost and building maintenance, \$3 million for B Plus scholarships for ensuing academic year, and \$1.5 million in Revenue Undertaking Fund by bond covenants.

**GENERAL FUNDS**

Based on the current budget allocation from State B&F, there is little change in the forecasted FY21 General Fund as compared to last year. Mitigative measure to allow maximum spending on general funds to preserve non-general funds cash balances is being implemented. Freeze on travel and equipment, and reduction to operating expenses such as memberships and office supplies as well as a freeze on hiring should also bring salary savings through attrition.

Legislative appropriation for specific initiatives in the System budget, will continue to be disseminated to the campuses. In FY21, 11.62% or \$6.48 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 \$1.42 million is managed by System, the scholarships directly support higher education options for students at the campuses. Consequently, a total of 14.18% or \$7.91 million of the General Fund budget is in fact spent by the campuses rather than System operations.

General Fund Transfers	FY21 Budget	FY20 Actual	FY20 Budget vs. FY19 Actual	%age
Performance Funding	\$2,209,315	\$2,509,951	(\$300,636)	-12.00%
B Plus Scholarships	\$3,000,000	\$3,000,000	\$0	0.00%
Academy for Creative Media	\$0	\$1,170,000	(\$1,170,000)	-100.00%
Workers Comp/UI	\$800,000	\$800,000	\$0	0.00%
Nā Pua No'eau	\$322,242	\$322,242	\$0	0.00%
Student Affairs	\$144,500	\$187,000	(\$42,500)	-22.70%
Diversity & Equity	\$6,607	\$5,697	\$910	16.00%
Other Support	\$0	\$147,200	(\$147,200)	-100.00%
<b>Total Transfers</b>	<b>\$6,482,664</b>	<b>\$8,142,090</b>	<b>(\$1,659,426)</b>	<b>-20.40%</b>
WICHE	\$1,427,952	\$1,422,123	\$5,829	0.40%
<b>Grand Total</b>	<b>\$7,910,616</b>	<b>\$9,564,213</b>	<b>(\$1,653,597)</b>	<b>-17.30%</b>

### TUITION AND FEES SPECIAL FUND

#### Revenues

FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
\$1,171,968	\$2,194,333	(\$1,022,365)	-46.60%	\$2,194,333	\$3,053,249	(\$858,916)	-28.10%

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 and 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 FY21 variance is due to a significant decrease in interest income revenue projection. Impact to the interest income is twofold; decrease in interest rates and anticipated decrease in unencumbered cash balance. Projections were adjusted down by 46.6%.

Expenditures

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$352,553	\$1,779,915	(\$1,427,362)	-80.20%
Lecturer Payroll	\$0	\$0	\$0	
Student Help Payroll	\$78,239	\$416	\$77,823	18707.50%
Other Personnel	\$700	\$0	\$700	
<i>Subtotal Personnel</i>	<i>\$431,492</i>	<i>\$1,780,331</i>	<i>(\$1,348,839)</i>	<i>-75.80%</i>
Utilities	\$19,200	\$119,824	\$784	0.60%
Scholarships, Tuition	\$0	\$0	(\$4,050)	-100.00%
Other Operating Expenses	\$8,189,384	\$5,861,104	\$3,283,954	57.90%
<i>Subtotal Other</i>	<i>\$8,208,584</i>	<i>\$5,980,928</i>	<i>\$3,280,688</i>	<i>56.50%</i>
<b>Total Expenditures</b>	<b>\$8,640,076</b>	<b>\$7,761,259</b>	<b>\$1,931,849</b>	<b>36.70%</b>

Expenditure Category	FY20 Actual	FY20 Projected	FY21 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$1,779,915	\$2,222,315	(\$442,400)	-19.90%
Lecturer Payroll	\$0	\$0	\$0	
Student Help Payroll	\$416	\$0	\$416	
Other Personnel	\$0	\$0	\$0	
<i>Subtotal Personnel</i>	<i>\$1,780,331</i>	<i>\$2,222,315</i>	<i>(\$441,984)</i>	<i>-19.90%</i>
Utilities	\$119,824	\$133,737	(\$13,913)	-10.40%
Scholarships, Tuition	\$0	\$0	\$0	
Other Operating Expenses	\$5,861,104	\$8,958,488	(\$3,097,384)	-34.60%
<i>Subtotal Other</i>	<i>\$5,980,928</i>	<i>\$9,092,225</i>	<i>(\$3,111,297)</i>	<i>-34.20%</i>
<b>Total Expenditures</b>	<b>\$7,761,259</b>	<b>\$11,314,540</b>	<b>(\$3,553,281)</b>	<b>-31.40%</b>

Personnel expense is anticipated to decrease significantly. The strategy to maximize charging employees in permanent general funds position to the general funds is being implemented this year. In other operating expense, the projected expenditure budget is actually less than FY20 projected budget. While Other Operating Expenses outpace Revenues, the majority of TFSF expenses are payments towards existing UH 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.

Net Operating Income

<b>Net Operating Income (TFSF)</b>	<b>FY21 Projected</b>
Net Operating Income	\$256,799
Beginning Balance	\$14,758,952
Ending Balance	\$15,015,751
Other Reserve Requirements (IT debt service, UHF payment)	4,500,000
Revised Ending Balance	\$10,515,751
Reserve Requirement (5% Minimum)	\$2,570,756
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$7,944,995</b>

**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 FY21 with an unencumbered cash balance of \$85.94 million after \$167.24 million in FY20 unencumbered cash balances were swept from the campuses. Of this amount, \$18.60 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 \$167.34 million was returned to the campuses for inclusion in their FY21 campus operating budgets.