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UNIVERSITY of HAWAI'I SYSTEM

UNIVERSITY OF HAWAII BOARD OF REGENTS

Kalbert K. Young Vice President for Budget and Finance Chief Financial Officer

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November 14, 2019

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TO: Benjamin Kudo Chairperson Board of Regents

UNIVERSITY OF HAWAII PRESIDENT'S OFFICE

Eugene Bal III Chair, Committee on Budget and Finance Board of Regents

VIA: David Lassner President

Handwritten signature of David Lassner

FROM: Kalbert K. Young Vice President for Budget and Finance Chief Financial Officer

SUBJECT: FISCAL YEAR 2020-2021 SUPPLEMENTAL OPERATING BUDGET REQUEST FOR THE UNIVERSITY OF HAWAI'I

SPECIFIC ACTION REQUESTED

It is recommended that the Board of Regents approve the submission of the Fiscal Year 2020-21 (FY21) Supplemental Operating Budget Request of the University of Hawai'i ("University" or "UH") to the Governor and 2020 Legislature. With approval, this proposed FY21 Supplemental Operating Budget Request for UH will represent the official request for all operating programs of the UH System. The University will submit the proposal to the State Department of Budget and Finance ("State B&F") for consideration to be included as part of the Governor's budget proposal to the Legislature. The University will also send this budget request directly to the Legislature, in accord with Chapter 37-68, Hawai'i Revised Statutes (HRS).

The proposed FY21 operating budget request seeks additional General Fund resources for the University to advance priority initiatives throughout the entire system of campuses.

The FY21 supplemental budget request for funding of capital improvement projects (CIP) was approved by the Board of Regents at its September 26, 2019 meeting.

RECOMMENDED EFFECTIVE DATE

In consideration of the procedural requirements of the Board of Regents, UH Administration will consider the "Fiscal Year 2020-21 Supplemental Operating Budget Request for the University of Hawai'i" effective immediately upon approval by the Board of Regents.

PURPOSE

In accordance with Regent Policy 8.204, the Administration requests that the Board of Regents approve a proposed budget request for additional operating funds (via general funds).

BACKGROUND INFORMATION

Annually, State departments submit budget requests to the Executive Branch via State B&F for consideration of inclusion into the Proposed Executive Budget of the Governor to the upcoming Legislature. The University also submits its Board approved budget request directly to the Legislature. Every two years, the Executive proposes a biennium budget and in the subsequent year proposes a supplemental budget. In 2019, State departments are constructing requests to be included in the proposed supplemental budget which will be deliberated at the convening of the 2020 Legislature.

State departments were provided budget instructions from State B&F in Finance Memorandum No. 19-11. These instructions also provided insight as to the landscape from which requests would be considered by the Executive and notes they will "continue our conservative approach to the budget to maintain the State's fiscal stability."

At its August 29, 2019 meeting, the Council on Revenues raised its forecast of growth for State General Fund revenues for FY20 from 4.0% to 4.1%. However, they lowered their growth projections for FY21 and FY22 to 3.0% each year and maintained their projection of 4.0% growth rate for FY23 through FY26. The change reflects "the expectation of economic headwinds in the coming year."

The University Administration requested budget item proposals from campuses and considered them in relation to initiatives that are strategic in nature, or related to supporting system-wide initiatives. All budget request items were considered in the light and context of instructions provided by the Executive.

BUDGET PROPOSAL

The request totals ~~448~~ 156 FTE position counts and ~~\$27,515,160~~ \$28,726,280 in additional General Funds for FY21. The following table shows the requested General Fund increases by campus:

The University's budget request proposal follows several major themes. The chart below lists those themes and the FTE position count and funding requests associated with each item:

Theme	FTE	\$\$\$
Hawai'i Promise		\$ 17,700,000
Mental Health	19.00	\$ 2,650,000
UHealthy	12.00	\$ 1,900,000
Student Success	1.00	\$ 1,047,000
New Facilities	16.00	\$ 1,426,496
New Programs	8.00	\$ 622,000
Other	92.00	\$ 2,169,664
Other	100.00	\$ 3,380,784
Total	148.00	\$ 27,515,160
Total	156.00	\$ 28,726,280

Hawai'i's Promise Program

Expanding the Hawai'i Promise Program beyond the Community Colleges to include the four-year institutions is the largest item and category of this budget request and is a reiteration of a similar request made last year in the biennium budget.

For this FY21 supplemental budget proposal, rather than the Hawai'i Promise Program covering the entire difference between a student's financial need and their other assistance as has been previously proposed, UH is offering a modified approach. For this iteration, the program proposed to provide a similar amount to every student receiving a Pell grant. Every full-time student receiving a Pell grant would receive the same amount of funding, while half- or three-quarter-time students would receive a corresponding proportion of the full-time amount.

Providing students with a set amount will be easier to administer while still covering all tuition and fees need after the Pell grant. The student can use other grants and scholarships for indirect and other costs. This approach also provides some savings to

the University over completely closing the gap and is estimated to cost less than the program as proposed last year.

The request is made for UOH900 (Systemwide Support) rather than at the individual campus level. This is to ensure that the funding can be responsive and distributed to the campuses pursuant to their enrollment and student population qualifications under the program.

Mental Health Services

To help address student mental health concerns across the University, additional psychologist positions are being requested at all campuses. This increase of mental health professionals should bring UH in line with the national standard for student to mental health professional ratio (one professional staff per 1,000 to 1,500 students). A total of 19 new positions across the system are requested with an estimated annual salary of \$100,000 each. In addition, programmatic funding is being requested to provide support programs to: expand suicide prevention programming and protocols; strengthen mental health stigma reduction programs; enhance student-to-student peer mental health awareness programs; and implement targeted outreach campaigns for new students and parents regarding transition to college and the potential impact on one's mental health.

The breakout of these additional psychologist positions and programmatic funding by campus is as follows:

Campus	FTE	\$\$\$
Mānoa	5.00	\$ 750,000
Hilo	1.00	\$ 150,000
West O'ahu	1.00	\$ 150,000
Community Colleges	12.00	\$ 1,600,000
Total	19.00	\$ 2,650,000

UHealthy Hawai'i

While often ranked as one of the healthiest states in the nation, Hawai'i faces significant health challenges, including workforce shortages, health disparities, high rates of chronic diseases, homelessness and behavioral health concerns, and poor oral health. The UHealthy Hawai'i proposal provides for UH's contribution towards this statewide effort to improve health industry infrastructure for the State. UHealthy Hawai'i represents UH's commitment to a healthier Hawai'i and Pacific and would leverage the UH System and its strong health sciences programs in medicine, nursing, pharmacy, social work, public health, and the Cancer Center to accomplish this. The supplemental budget request includes two key components: The establishment of a medical doctor

cohort on Maui and the establishment of the UH System Office of Strategic Health Initiatives.

Campus	Description	FTE (P)	\$\$\$
Mānoa	JABSOM - establish MD cohort on Maui	8.00	\$ 1,400,000
System	Office of Strategic Health Initiatives	4.00	\$ 500,000
Total		12.00	\$ 1,900,000

Expanding capacity for year-round preclinical and clinical education of medical students on a neighbor island rather than O'ahu is expected to create a pipeline of new physicians positioned to initiate their practice on the neighbor islands. This proposal requests an additional eight positions and operating funds totaling \$1.4 million to create a fully developed program on the island of Maui with a cohort of approximately five to six students (total 20-24 students across all four years).

The Office of Strategic Health Initiatives would be comprised of four positions and operating funds totaling \$500,000 to be housed under the Vice President for Research and Innovation. The Office would be responsible for identifying funding and establishing strategic opportunities, partnerships, policies, and initiatives to improve health and health care across the state and the Pacific by leveraging UH's research enterprise, programs, and capabilities in the area of health sciences.

Student Success

Campus	Description	FTE (P)	\$\$\$
Hilo	Employ students as Learning Assistants, Peer Tutors, and Peer Advisors		\$ 200,000
West O'ahu	Admin Assistant for Early College transition, Student Help Payroll	1.00	\$ 347,000
CCs	Student Tutors and Mentors - Student hires to improve student success at each campus		\$ 500,000
Total		1.00	\$ 1,047,000

These budget requests focus on student employment and student transition. Evidence shows that working on campus contributes to student success and retention. Students working as mentors has a two-fold impact on student achievement: more students will be employed on campus and their work as mentors and tutors will help other students succeed.

New Facilities

Although new facilities have come online in recent years, there has not been an operating budget request to accommodate the costs associated with the actual maintenance and operations of these new facilities. The costs of operating these facilities was borne by the respective campus, but over time this has stressed already tight budgets. These requests seek additional positions and operating funds at the various campuses:

Campus	Description	FTE (P)	\$\$\$
West O'ahu	5 Security Officer, 1 Janitor, 1 Garden Manager, 1 Lab Manager	8.00	\$ 368,000
CCs	KapCC - Culinary Institute of the Pacific Phase I. 1 Custodian, 1 General Laborer, utilities and facility maintenance costs.	2.00	\$ 465,780
CCs	LeeCC - Waianae Ed Center. 1 Custodian, 1 Security Officer, utilities and facility maintenance costs.	2.00	\$ 101,096
CCs	HawCC -Palamanui Ed Center. 1 Custodian, 1 Building Maintenance Worker, 2 Security Officers, utilities and various maintenance costs.	4.00	\$ 491,620
Total		16.00	\$ 1,426,496

New Programs

Campus	Description	FTE (P)	\$\$\$
Hilo	B.S. in Aeronautical Sciences program	4.00	\$ 370,000
West O'ahu	New Degrees in Creative Media and Facilities Management	4.00	\$ 252,000
Total		8.00	\$ 622,000

In November 2018, the Board of Regents approved the Bachelor of Science in Aeronautical Science program at UH-Hilo. The program will provide training for both commercial aviation pilots and for commercial pilots in the rapidly growing field of unmanned aviation technology. The request is for one Associate Professor, one Assistant Professor, and two Instructors.

With a new facility Creative Media Facility opening on the West O'ahu campus next summer, the addition of one Assistant Professor and two Academic Support staff for a new Bachelor of Arts in Creative Media degree will establish UHWO as the hub for innovative creative media in the State. Additionally, one Instructor position in the area of Facilities Management is requested to address a need seen by the industry as well as by the Legislature and evidenced by the growing number of transfers from the Community Colleges.

Other Miscellaneous Requests

Campus	Description	FTE (P)	\$\$\$
Mānoa	Athletics – Convert positions to General Fund	43.00	\$ -
Hilo	Enrollment Management: Case Manager, Retention Specialist, and Financial Aid Outreach Specialist	3.00	\$ 180,000
Hilo	Complete transition from a security force to one made up completely by civil service employees.	8.00	\$ 324,624
<u>Hilo</u>	<u>Educational and Cultural Programming at Hale Pohaku, Maunakea Visitor Information Station, and 'Imiloa</u>	<u>8.00</u>	<u>\$ 1,211,120</u>
West O'ahu	Compliance, Food Sustainability, P3 Project Manager, IT Specialist (Distance Ed), Travel/Hospitality Asst Prof	5.00	\$ 342,000
CCs	Positions and funds to provide 24/7 coverage at each campus.	32.00	\$ 1,223,040
System	Office of Strategic Development & Partnerships - Project Coordinator	1.00	\$ 100,000
Total	-	92.00	\$ 2,169,664
Total		100.00	\$ 3,380,784

Forty-three (43) General Funded positions counts are requested for Mānoa Athletics. This would convert positions that are currently funded by the Athletics Special Fund to be funded by the State General Fund. This move could provide an estimated \$1.5 million in savings to the University in fringe benefits costs.

As part of its Enrollment Management plan, three additional positions are requested for UH-Hilo: a Case Manager to minimize the impact of emotional distress on academic and personal pursuits of students, a Retention Specialist to perform outreach to UH-Hilo students who did not recently return as well as to identify assistance that students might need to graduate or return, and a Financial Aid Outreach Specialist to provide outreach to ensure that current and prospective students are aware of financial aid and assist in accessing that aid.

The request of eight positions (seven Security Officers and one Office Assistant) will complete UH-Hilo's transition to a security comprised completely by civil service employees. This will allow for a permanent institutional security operation on the Hilo campus and its off-campus locations.

As UHWO grows and its faculty, staff, and student populations increase in number and diversity, compliance processes with federal and state laws have become more complex. An Administrative and Fiscal Support position is requested to assist with these campus-wide compliance efforts. The Project Manager will be responsible for

managing assets and campus-generated space improvements and will lead the organizing and tracking of inventory throughout the growing campus. The IT Specialist position will support West-O'ahu's multiple types of distance education delivery system, manage the scheduling of lecture capturing, consult with faculty on best practices, and maintain and install equipment. Two Assistant Professor positions (one each for Indigenous Natural Resources Management and Travel/Hospitality) are to respond to growing demands in the Sustainable Community Food Systems and Hospitality programs.

To increase security coverage at the Community Colleges, a total of 32 positions and \$1,223,040 are being requested. This would allow for a minimum of two campus security officer positions on duty 24 hours a day, 7 days a week (24/7) at all Community College campuses. The current number of authorized campus security officer positions does not allow for this level of coverage.

A Project Coordinator position is requested for the Office of Strategic Development and Partnership. The OSDP was established in July 2019. In this initial year, the University repositioned two previously existing positions to support the office along with a new position funded through legislative appropriation. The position proposed in this budget request, would bolster additional project coordination support for existing lease administration, real property management, and project development.

Additional resources are requested for educational and cultural programming at Hale Pohaku, the Maunakea Visitor Information Station (VIS), and 'Imiloa. This will lead to the development of a suite of educational programs regarding Maunakea that will include, but not be limited to, Native Hawaiian culture, history, environmental, and biological considerations designed for tour guides and drivers, employees, contractors, recreational users, scientists and observatory workers, and visitors.

Transfers and Non-General Fund Requests

In addition to these requests for additional General Fund resources, there is a housekeeping transfer to move eight Human Resources positions from Mānoa to Systemwide Administration. Additionally, various positions associated with Nā Pua No'eau that are currently appropriated in UOH900 would transfer to their respective campuses' budgets. These transfers have zero net effect on the University's total General Fund appropriation.

In addition, there are two non-general fund ceiling increase requests. The first is an increase in the Special Fund ceiling for UOH900 by \$4,785,604 primarily to accommodate reorganized units that utilize special funds for their operating budgets and central software license fees and operating cost increases. There is also a Revolving Fund ceiling increase of \$1,635,577 for anticipated increases in spending from the Research and Training Revolving Fund.

ACTION RECOMMENDED

University Administration recommends the Board of Regents approve the Administration's proposal for a FY21 Supplemental Operating Budget Proposal for the University. Upon approval, the proposal will be transmitted to the State B&F as the approved Board of Regents' Budget request. The proposal is to be considered for inclusion as part of Governor's Executive Budget Proposal to the 2020 State Legislature. In accord with Chapter 37-68, HRS, the University will also submit the approved budget request directly to the Legislature.

Attachment: Presentation: Fiscal Year 2020-2021 Supplemental Operating Budget Request. For presentation to the Board of Regents, November 21, 2019.



Fiscal Year 2020-2021 Supplemental Operating Budget Request

November 21, 2019

Board of Regents



General Fund Situation

- At its August 29 meeting, the Council on Revenues raised its forecast for FY20 to 4.1% growth from 4.0%.
- However, the Council lowered their projections for FY21 and FY22 from 4.0% to 3.0% growth, and maintained their 4.0% growth projections for FY23 through FY26.
- “The change reflects the expectation of economic headwinds in the coming year.”
- Administration was cognizant of this modest growth in crafting a fiscally responsible budget request.



Budget Request by Campus

Campus	FTE	\$\$\$
Mānoa	56.00	\$ 2,150,000
Hilo	16.00	\$ 1,224,624
Hilo	24.00	\$ 2,435,744
West O'ahu	19.00	\$ 1,459,000
Community Colleges	52.00	\$ 4,381,536
Systemwide Admin	5.00	\$ 18,300,000
Total	148.00	\$ 27,515,160
Total	156.00	\$ 28,726,280



Budget Request by Theme

Theme	FTE	\$\$\$
Hawai'i Promise	-	\$ 17,700,000
Mental Health	19.00	\$ 2,650,000
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Hawai'i's Promise Program

- Expansion of Hawai'i Promise Program to four-year institutions
- This scenario would provide a flat amount to every student receiving a Pell grant. (proportionate to student FTE)
- Easier to administer while still covering all tuition and fees need after the Pell grant. Recipients can use other grants and scholarships for indirect and other costs.
- \$17.7 million in UOH900 (Systemwide Administration) to allow flexibility in responding to student enrollment and eligibility.



Mental Health Services

- Would bring UH in line with national standard for student to mental professional ratio (1,500:1)
- Request is for additional psychologists (at \$100,000 each) and programmatic funding as follows:
 - Mānoa: 5
 - Hilo: 1
 - West O‘ahu: 1
 - Community Colleges: 12 across the various campuses



UHealthy

- UH's commitment to a Healthier Hawai'i and Pacific using its strong health sciences programs in medicine, nursing, pharmacy, social work, public health, and the Cancer Center
- Expansion of JABSOM to Maui (8 FTE; \$1,400,000)
 - Create pipeline of new physicians on Maui rather than O'ahu-centric
 - Eventual expansion to Hawai'i Island in the future
- Establishment of Office of Strategic Health Initiatives (4 FTE; \$500,000) under VPRI
 - Identify funding and establish strategic opportunities and partnerships
 - Leverage UH's research enterprise and capabilities in the health arena



Student Success

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Total		1.00	\$ 1,047,000

- Working on campus contributes to student success and retention
- Students working as mentors have a two-fold positive impact on student achievement:
 - More students will be employed on campus
 - More students will be mentored and tutored by their peers



New Facilities

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Total		16.00	\$ 1,426,496

- These requests are for labor maintenance support for recently opened new facilities for maintenance, security, and/or janitorial.



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- In November 2018, the Board of Regents approved B.S. in Aeronautical Sciences at Hilo. This program would provide training for both commercial aviation pilots and commercial pilots in unmanned aviation technology.
- New Creative Media facility in UHWO will open next summer and three positions are requested for a new B.A. in Creative Media.
- One Instructor position in the area of Facilities Management because of increased need seen by the industry and Legislature.



Other Miscellaneous

Campus	Description	FTE (P)	\$\$\$
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Next Steps

- Recommendation for Committee on B&F to approve this operating budget request for subsequent approval by the full Board at its November 21, 2019 meeting.
- Following approval by the full Board of Regents, the budget request and associated forms will be transmitted to the Governor and Legislature, in accordance with Chapter 37-68, HRS.