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# University of Hawai'i Operating Budget for Fiscal Year 2021-2022

September 2, 2021

Committee on Budget and Finance



# Overview

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- General Fund Revenues are projected to decrease by **-\$42.5 million (-7.9%)** from FY21 levels, and TFSF Revenues are projected to decrease by **-\$4.3 million (-1.3%)** as compared to FY21.
- Increased on-campus activity will increase Revenues for Other Special and Other Revolving Funds. However, this will also result in increased expenditures from all fund categories.
- Net Operating across all funds is projected to be a **-\$1.7 million** loss.
- Although fund balances are considered at strong levels, they are anticipated to be needed over the next several fiscal years to mitigate the impacts of forecasted significant General Fund reductions.



# Assumptions

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- State directed 2% General Fund restriction on discretionary funds, pursuant to Executive Memorandum No. 21-04.
- Special and Revolving Fund reserves were used where needed and when available.
- Higher Education Emergency Relief Fund (HEERF) funds available to offset reductions. These uses are not delineated in this spending plan but federal requirements mandate quarterly reports which will also be presented to the Board of Regents.



# Proposed FY22 Operating Budget

Revenues	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 230,780,332	\$ 38,175,644	\$ 18,315,333	\$ 152,745,144	\$ 55,718,283	\$ 495,734,736
TFSF	\$ 228,859,569	\$ 29,618,584	\$ 18,306,024	\$ 50,004,445	\$ 1,159,150	\$ 327,947,772
RTRF	\$ 29,584,693	\$ 2,982,997	\$ 195,390	\$ 1,434,237	\$ 14,799,873	\$ 48,997,190
Other Special Funds	\$ 76,462,202	\$ 7,417,006	\$ 43,260	\$ 7,217	\$ 4,500,773	\$ 88,430,458
Other Revolving Funds	\$ 16,295,518	\$ 1,405,812	\$ 662,000	\$ 17,471,856	\$ 860,019	\$ 36,695,205
Appropriated Federal	\$ 3,446,193	\$ 291,557	\$ 100,000	\$ 2,873,807	\$ 656,000	\$ 7,367,557
<b>Total</b>	<b>\$ 585,428,507</b>	<b>\$ 79,891,600</b>	<b>\$ 37,622,007</b>	<b>\$ 224,536,706</b>	<b>\$ 77,694,098</b>	<b>\$ 1,005,172,918</b>

Expenditures + Xfers	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 230,780,332	\$ 38,175,644	\$ 18,315,333	\$ 152,745,144	\$ 55,718,283	\$ 495,734,736
TFSF	\$ 246,974,395	\$ 29,888,584	\$ 16,862,512	\$ 50,004,445	\$ (1,814,795)	\$ 341,915,141
RTRF	\$ 29,459,591	\$ 3,804,734	\$ 325,000	\$ 1,434,237	\$ 15,996,632	\$ 51,020,194
Other Special Funds	\$ 59,015,271	\$ 7,308,745	\$ 70,000	\$ 7,217	\$ 4,836,805	\$ 71,238,038
Other Revolving Funds	\$ 17,249,513	\$ 2,577,591	\$ 1,274,000	\$ 17,471,856	\$ 1,004,815	\$ 39,577,775
Appropriated Federal	\$ 3,427,693	\$ 291,557	\$ 100,000	\$ 2,873,807	\$ 656,000	\$ 7,349,057
<b>Total</b>	<b>\$ 586,906,795</b>	<b>\$ 82,046,855</b>	<b>\$ 36,946,845</b>	<b>\$ 224,536,706</b>	<b>\$ 76,397,740</b>	<b>\$ 1,006,834,941</b>



# Net Operating Income and Forecast of Reserve Balances

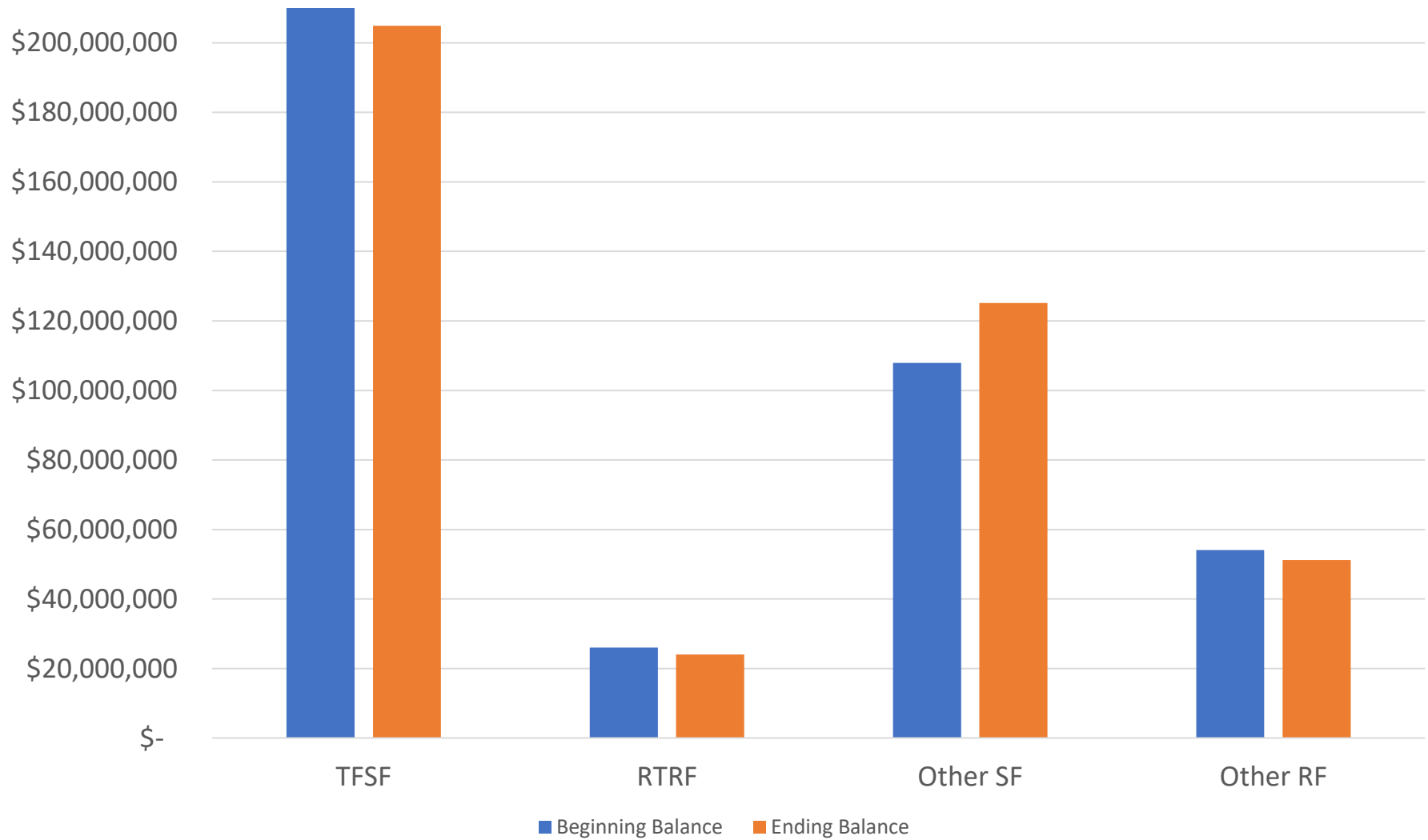
	GF	TFSF	RTRF	Other SF	Other RF	Fed Funds	Total
Beginning Balance	\$ -	\$ 218,880,967	\$ 26,029,194	\$ 107,952,443	\$ 54,082,737	\$ (274,790)	\$ 406,670,551
Rev less Exp (recur)	\$ -	\$ (9,450,276)	\$ (2,023,004)	\$ 20,378,142	\$ 3,221,017	\$ 18,500	\$ 12,144,379
One-Time Exp	\$ -	\$ 4,517,093	\$ -	\$ 3,185,723	\$ 6,103,587	\$ -	\$ 13,806,403
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ 204,913,598</b>	<b>\$ 24,006,190</b>	<b>\$ 125,144,862</b>	<b>\$ 51,200,167</b>	<b>\$ (256,290)</b>	<b>\$ 405,008,527</b>
16% Target	n/a	\$ 128,322,361	\$ 8,174,123	\$ 14,635,324	\$ 4,689,385	n/a	\$ 155,821,192

- Total Net Operating Income (Revenues less Expenditures) forecasts a gain of \$12.1 million.
- However, this is offset by one-time expenditures totaling \$13.8 million.
- The net result is a \$1.7 million decrease in fund balances.
- Fund balances remain above the 16% target.



# Fund Balances

## Beginning and Forecasted Ending, FY22

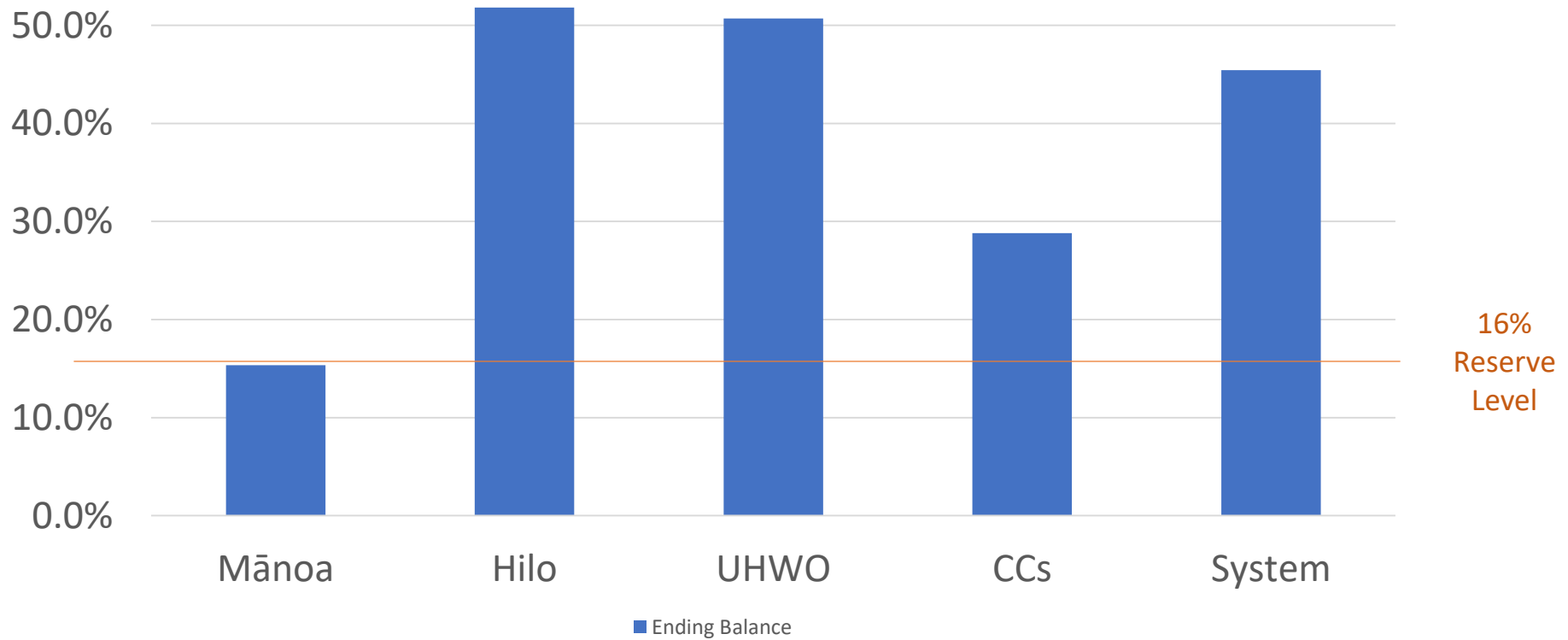




# TFSF Gains and Fund Balances

Campus	Mānoa	Hilo	West O’ahu	CCs	Sys Support	Total
TFSF Gain (Loss)	\$ (18,114,826)	\$ (270,000)	\$ 1,443,512	\$ -	\$ 2,973,945	\$ (13,967,369)

Projected Ending FY22 TFSF Reserve Levels





# FY22 Budget vs. FY21 Actual

Type of Fund	Revenues			Expenditures & Net Transfers			Rev less Exp/Trf	
	FY22 Proj.	FY21 Act.	Diff	FY22 Proj.	FY21 Act.	Diff	FY22 Proj.	FY21 Act.
General Funds (incl. transfers)	\$493.0	\$535.5	(\$42.5)	\$493.0	\$535.5	(\$42.5)	\$0.0	\$0.0
Tuition & Fees	\$327.9	\$332.3	(\$4.3)	\$341.9	\$242.0	\$99.9	(\$14.0)	\$90.3
RTRF	\$49.0	\$52.6	(\$3.6)	\$51.0	\$48.7	\$2.4	(\$2.0)	\$3.9
Other Special Funds	\$88.4	\$77.5	\$10.9	\$71.2	\$85.6	(\$14.4)	\$17.2	(\$8.1)
Other Revolving Funds	\$36.7	\$16.3	\$20.4	\$39.6	\$16.9	\$22.7	(\$2.9)	(\$0.6)
Appropriated Federal Funds	\$7.4	\$6.0	\$1.3	\$7.3	\$6.0	\$1.3	\$0.0	\$0.0
<b>Total</b>	<b>\$1,002.5</b>	<b>\$1,020.2</b>	<b>(\$17.8)</b>	<b>\$1,004.1</b>	<b>\$934.8</b>	<b>\$69.4</b>	<b>(\$1.7)</b>	<b>\$85.5</b>

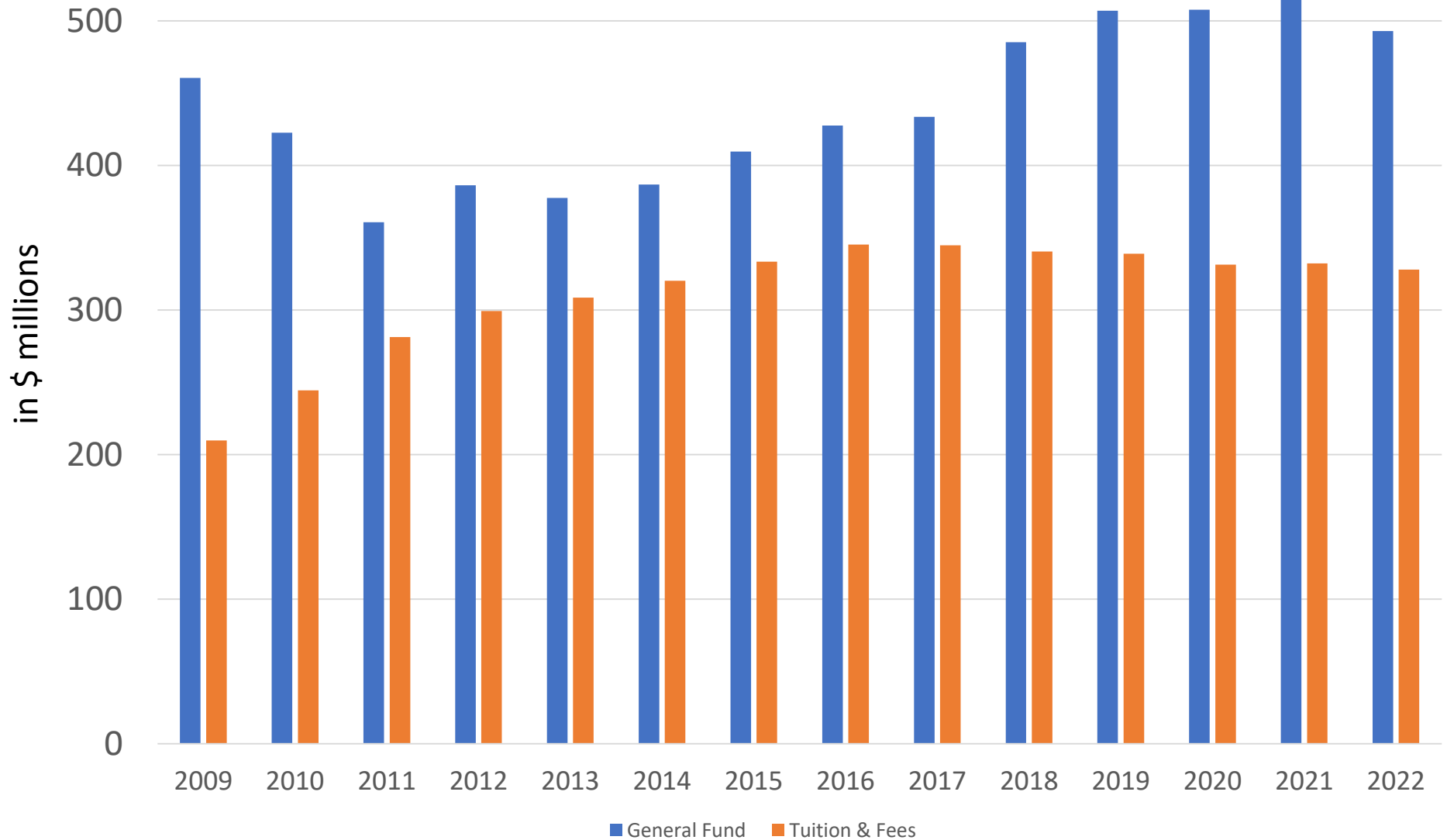
*in millions*

- FY22 General Fund Revenues are significantly lower than FY21 due to reduced appropriations.
- This General Fund reduction is the primary cause for increased TFSF spending.
- FY22 is projected to show a **-\$1.7** million loss across all funds, as compared to the \$85.5 million gain from FY21.





# General Fund and TFSF Revenues, FY09-FY22





# Mānoa

	General Fund	TF SF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 230,780,332	\$ 228,859,569	\$ 29,584,693	\$ 76,462,202	\$ 16,295,518	\$ 3,446,193	\$ 585,428,507
Expenditures	\$ 230,780,332	\$ 191,889,866	\$ 27,790,343	\$ 122,198,262	\$ 15,567,442	\$ 3,427,693	\$ 591,653,938
Net Transfers	\$ -	\$ 55,084,529	\$ 1,669,248	\$ (63,182,991)	\$ 1,682,071	\$ -	\$ (4,747,143)
Rev less Exp/Trf	\$ -	\$ (18,114,826)	\$ 125,102	\$ 18,967,654	\$ (369,187)	\$ 18,500	\$ 627,243
One-Time Exp		\$ -	\$ -	\$ 1,520,723	\$ 584,808		\$ 2,105,531

- General Fund Revenues are projected to be **-\$33.6** million below FY21.
- TF SF Expenditures are increasing by \$62.3 million in response to these General Fund reductions and other needs including enrollment increases.
- Although TF SF Revenues are projected to increase by \$2.9 million (1.3%) due to enrollment, TF SF is still showing an **-\$18.1** million loss as the campus works toward bringing recurring expenses in line with recurring revenues.



# Hilo

	<u>General Fund</u>	<u>TFSF</u>	<u>RTRF</u>	<u>Other Special</u>	<u>Other Revolving</u>	<u>Fed Funds</u>	<u>Total</u>
Revenues	\$ 38,175,644	\$ 29,618,584	\$ 2,982,997	\$ 7,417,006	\$ 1,405,812	\$ 291,557	\$ 79,891,600
Expenditures	\$ 37,532,515	\$ 24,099,626	\$ 3,968,334	\$ 13,574,657	\$ 2,662,700	\$ 291,557	\$ 82,129,389
Net Transfers	\$ 643,129	\$ 5,788,958	\$ (163,600)	\$ (6,265,912)	\$ (85,109)	\$ -	\$ (82,534)
Rev less Exp/Trf	\$ -	\$ -	\$ (821,737)	\$ 938,261	\$ -	\$ -	\$ 116,524
One-Time Exp	\$ -	\$ 270,000		\$ 830,000	\$ 1,171,779	\$ -	\$ 2,271,779

- General Fund Revenues are projected to be **-\$1.3** million lower than FY21. Additionally, TFSF Revenues are projected to be **-\$1.4** million less than FY21. Federal HEERF funds will be used to help offset this revenue loss.
- Other Special Fund Revenue is projected to increase by \$3.1 million primarily due to residence hall occupancy and increase in on-campus activity.
- TFSF is showing a one-time expenditure of \$270,000 to fund the PISCES program which was legislatively-transferred to UH-Hilo (from DBEDT) without funding. Legislative leaders have committed that they will correct this error in 2022.



# West O'ahu

	<u>General Fund</u>	<u>TFSF</u>	<u>RTRF</u>	<u>Other Special</u>	<u>Other Revolving</u>	<u>Fed Funds</u>	<u>Total</u>
Revenues	\$ 18,315,333	\$ 18,306,024	\$ 195,390	\$ 43,260	\$ 662,000	\$ 100,000	\$ 37,622,007
Expenditures	\$ 18,400,333	\$ 10,362,272	\$ 325,000	\$ 3,500,000	\$ 1,274,000	\$ 100,000	\$ 33,961,605
Net Transfers	\$ (85,000)	\$ 6,500,240	\$ -	\$ (3,430,000)	\$ -	\$ -	\$ 2,985,240
Rev less Exp/Trf	\$ -	\$ 1,943,512	\$ (129,610)	\$ 808,260	\$ (437,000)	\$ -	\$ 2,185,162
One-Time Exp		\$ 500,000	\$ -	\$ 835,000	\$ 175,000		\$ 1,510,000

- General Fund Revenues are projected to be **-\$837,339 (-4.4%)** lower than FY21.
- TFSF Revenues are projected to be the same as FY21, and despite increased Expenditures, TFSF is forecasted to have a \$1.4 million gain for FY22.
- Other Special and Other Revolving Funds are expected to increase revenue due to the re-opening of the campus.



# Community Colleges

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 152,745,144	\$ 50,004,445	\$ 1,434,237	\$ 7,217	\$ 17,471,856	\$ 2,873,807	\$ 224,536,706
Expenditures	\$ 154,051,412	\$ 48,627,888	\$ 1,455,380	\$ 7,217	\$ 21,054,819	\$ 2,873,807	\$ 228,070,523
Net Transfers	\$ (1,306,268)	\$ 1,376,557	\$ (21,143)	\$ -	\$ (3,582,963)	\$ -	\$ (3,533,817)
Rev less Exp/Trf	\$ -	\$ 3,747,093	\$ -	\$ -	\$ 4,172,000	\$ -	\$ 7,919,093
One-Time Exp	\$ -	\$ 3,747,093	\$ -	\$ -	\$ 4,172,000	\$ -	\$ 7,919,093

- General Fund Revenues projected to decline by **-\$2.7** million.
- TFSF Revenues are projected to decline by **-\$5.1** million, or **-9.2%**, due to enrollment declines, especially in non-resident enrollment.
- Act 9/SSLH 2021 converted Community Colleges Special Fund to a Revolving Fund, shifting approximately \$16.6 million in revenues.



# Systemwide Administration

	<u>General Fund</u>	<u>TFSF</u>	<u>RTRF</u>	<u>Other Special</u>	<u>Other Revolving</u>	<u>Fed Funds</u>	<u>Total</u>
Revenues	\$ 55,718,283	\$ 1,159,150	\$ 14,799,873	\$ 4,500,773	\$ 860,019	\$ 656,000	\$ 77,694,098
Expenditures	\$ 49,254,001	\$ 6,514,926	\$ 15,799,380	\$ 9,741,380	\$ 915,623	\$ 656,000	\$ 82,881,310
Net Transfers	\$ 6,464,282	\$ (8,329,721)	\$ 197,252	\$ (4,904,575)	\$ 89,192	\$ -	\$ (6,483,570)
Rev less Exp/Trf	\$ -	\$ 2,973,945	\$ (1,196,759)	\$ (336,032)	\$ (144,796)	\$ -	\$ 1,296,358
One-Time Exp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- General Fund Revenue projected to decline by **-\$4.1** million.
- System programs will have to continue to exercise prudent fiscal spending by limiting hiring, travel, campus allocations, and other operating expenses.



# Next Steps

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- Review and Recommend Acceptance, pursuant to Committee input.
- Consideration of Multi-Year Financial Forecast later in this agenda.
- Review and Acceptance by full Board at its September 16<sup>th</sup> meeting.
- Quarterly Financial Reports to monitor revenues and expenditures.
- Quarterly updates on HEERF spending.