



University of Hawai'i Operating Budget for Fiscal Year 2022-2023

September 1, 2022

Committee on Budget and Finance



Overview

- Pursuant to Regent Policy 8.204, the Board is to “approve an annual operating expenditure plan for all campuses, the system, and the board office.”
- General Fund Revenues are projected to increase by +\$88.7 million (+17.8%) from FY22 levels as a result of the restoration of General Fund reductions, additional initiatives, and collective bargaining.
- TFSF Revenues are projected to decrease by **-\$17.5** million (-5.1%) as compared to FY22. RTRF Revenues are projected to decrease by **-\$11.8** million (-18.8%) as compared to FY22.
- Increased on-campus activity will increase Revenues for Other Special and Other Revolving Funds. However, this will also result in increased expenditures from those fund categories.
- Net Operating across all funds is forecasting a **-\$14.9** million operating shortfall.
- Fund balances remain strong, although they may need to be used in a few fiscal years.



Assumptions

- Full release of the FY2023 General Fund appropriation by Executive Branch.
- Latest enrollment estimates, as of start of instruction.
- 20% increase in Utilities costs and other inflationary expenses.
- Funding levels for already agreed-upon collective bargaining increases.



Total FY23 Operating Budget Request

Revenues	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 290,408,801	\$ 47,365,241	\$ 20,455,067	\$ 166,217,399	\$ 62,418,329	\$ 586,864,837
TFSF	\$ 233,763,038	\$ 25,313,849	\$ 16,724,824	\$ 47,324,452	\$ 1,616,580	\$ 324,742,743
RTRF	\$ 28,984,349	\$ 3,247,653	\$ 243,639	\$ 1,501,403	\$ 17,069,193	\$ 51,046,237
Other Special Funds	\$ 83,848,156	\$ 9,709,265	\$ 130,900	\$ 4,198	\$ 4,641,568	\$ 98,334,087
Other Revolving Funds	\$ 19,563,061	\$ 1,325,423	\$ 719,730	\$ 17,153,785	\$ 677,906	\$ 39,439,905
Appropriated Federal	\$ 3,676,193	\$ 291,557	\$ 100,000	\$ 2,222,977	\$ 5,851,000	\$ 12,141,727
Total	\$ 660,243,598	\$ 87,252,988	\$ 38,374,160	\$ 234,424,214	\$ 92,274,576	\$ 1,112,569,536

Expenditures + Xfers	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 290,408,801	\$ 47,365,241	\$ 20,455,067	\$ 166,217,399	\$ 62,418,329	\$ 586,864,837
TFSF	\$ 261,611,005	\$ 30,007,955	\$ 16,724,824	\$ 49,236,534	\$ (970,202)	\$ 356,610,116
RTRF	\$ 26,562,012	\$ 3,992,467	\$ 300,000	\$ 1,392,555	\$ 16,981,233	\$ 49,228,267
Other Special Funds	\$ 75,591,250	\$ 10,687,274	\$ 267,003	\$ 2,730	\$ 3,818,754	\$ 90,367,011
Other Revolving Funds	\$ 17,642,885	\$ 2,335,800	\$ 527,266	\$ 10,774,379	\$ 604,780	\$ 31,885,110
Appropriated Federal	\$ 3,676,193	\$ 291,557	\$ 100,000	\$ 2,222,977	\$ 5,851,000	\$ 12,141,727
Total	\$ 675,492,146	\$ 94,680,294	\$ 38,374,160	\$ 229,846,574	\$ 88,703,894	\$ 1,127,097,068



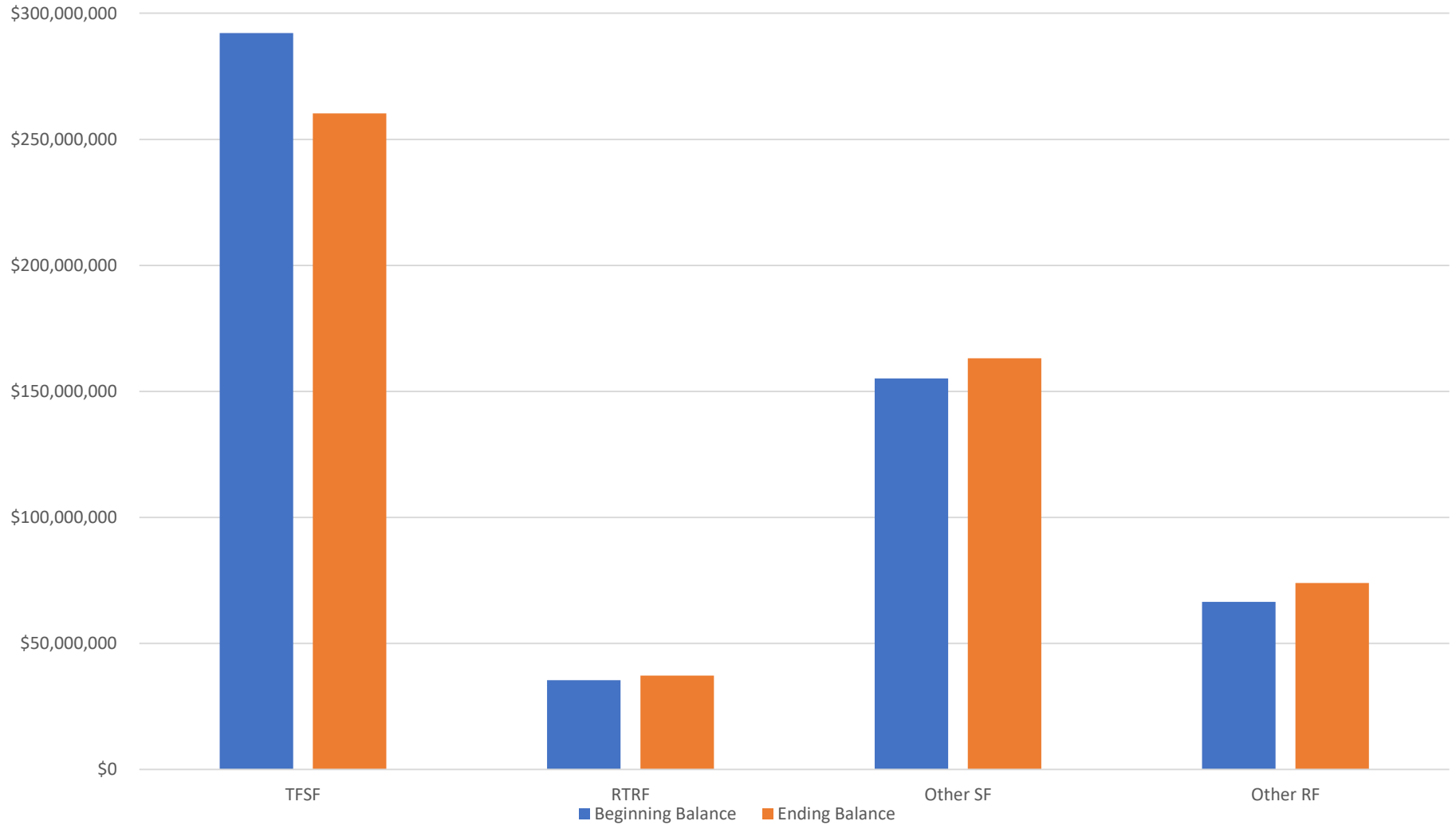
Reserve Balances and Net Operating Income

	GF	TFSF	RTRF	Other SF	Other RF	Fed Funds	Total
Beginning Balance	\$ -	\$292,139,332	\$35,504,420	\$155,193,278	\$66,501,738	\$563,795	\$549,902,563
Rev less Exp (recur)	\$ -	\$31,790,125	\$1,818,543	\$13,146,123	\$9,834,145	(\$335,442)	\$56,253,494
One-Time Exp	\$ -	\$63,657,500	\$573	\$5,179,047	\$2,279,350	0	\$71,116,470
Ending Balance	\$ -	\$260,271,957	\$37,322,390	\$163,160,354	\$74,056,533	\$228,353	\$535,039,587
16% Target	n/a	\$131,979,897	\$7,443,597	\$13,118,122	\$2,416,996	n/a	\$154,958,612

- Total Net Operating Income (Revenues less Expenditures) shows a gain of +\$56.3 million. However, this is offset by one-time expenditures totaling \$71.1 million.
- The net result of operating activity is a **-\$14.9** million decrease in aggregate fund balances.
- Noting significant one-time expenditures as investments from TFSF.
- Fund balances remain well above the 16% target set in Regent Policy (RP) 8.203.



Fund Balances: Beginning and Forecasted Ending, FY23

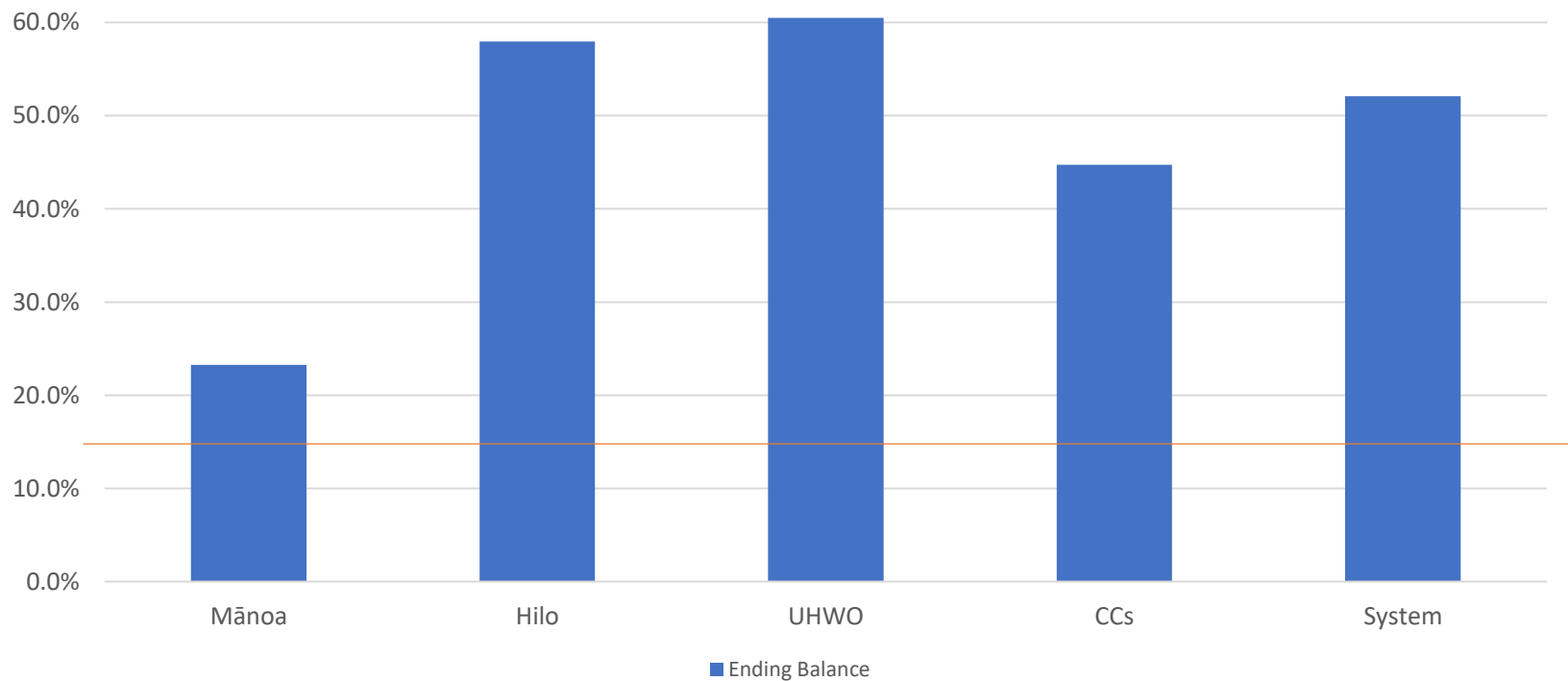




Forecasted Change in Balance TFSF by Campus, FY2023

Campus	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
TFSF Gain (Loss)	\$ (928,967)	\$ (4,694,106)	\$ -	\$ (1,912,082)	\$ 2,586,782	\$ (4,948,373)

Projected Ending FY23 TFSF Reserve Levels





FY23 Budget vs. FY22 Actual

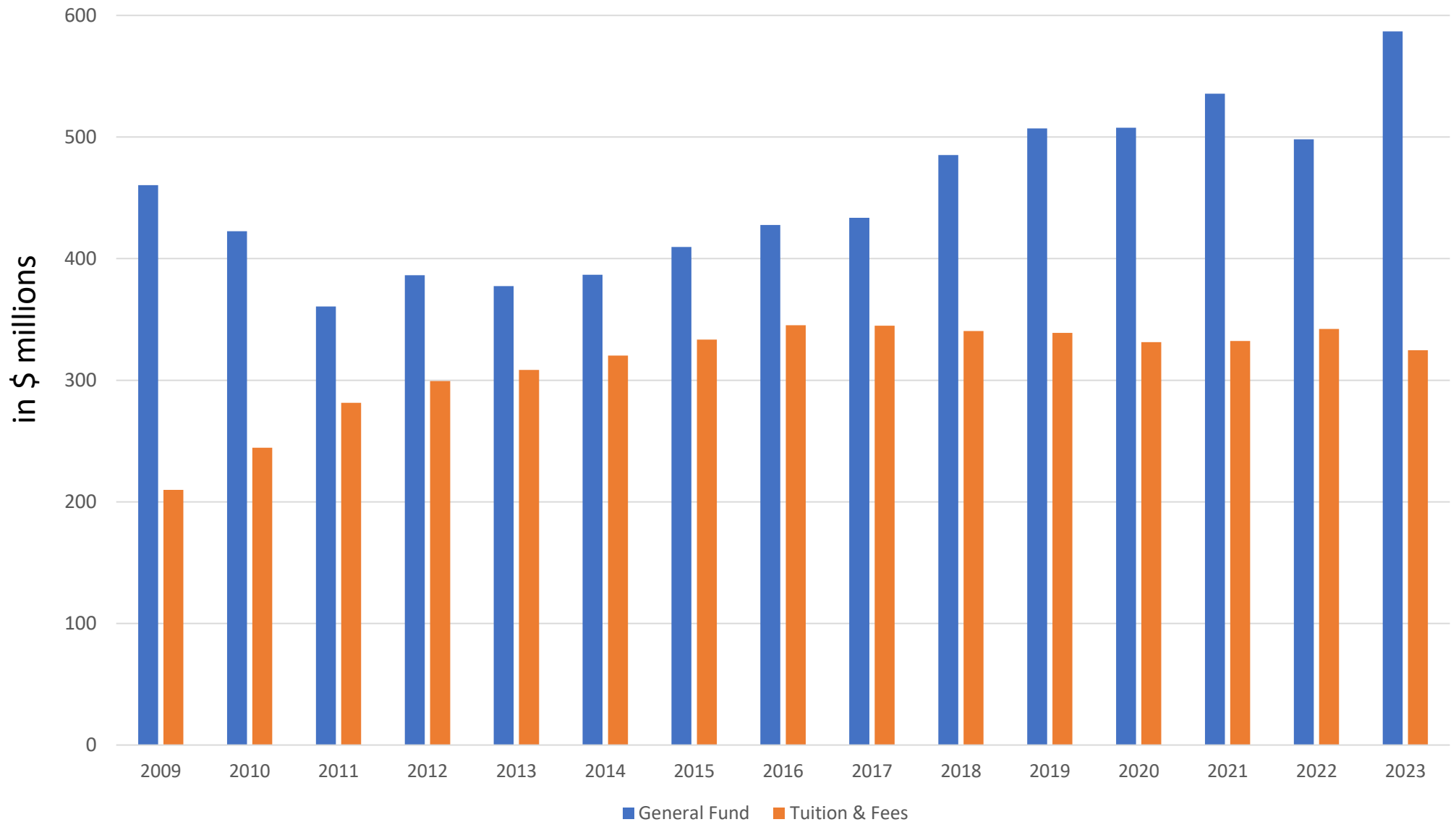
in \$ millions

Type of Fund	Revenues			Expenditures & Net Transfers			Rev less Exp/Trf	
	FY23 Proj.	FY22 Act.	Diff	FY23 Proj.	FY22 Act.	Diff	FY23 Proj.	FY22 Act.
General Funds	586.9	498.2	88.7	586.9	498.2	88.7	-	0.0
Tuition & Fees	324.7	342.2	(17.5)	356.6	267.2	89.4	(31.9)	75.0
RTRF	51.0	62.9	(11.8)	49.2	41.7	7.6	1.8	21.2
Other Special Funds	98.3	88.6	9.7	90.4	43.1	47.3	8.0	45.6
Other Revolving Funds	39.4	35.6	3.8	31.9	23.5	8.4	7.6	12.2
Appropriated Fed Funds	12.1	10.4	1.7	12.5	8.2	4.3	(0.3)	2.2
Total	1,112.6	1,037.9	74.6	1,127.4	881.7	245.7	(14.9)	156.2

- FY23 General Fund Revenues are significantly higher than FY22 due to increased appropriations.
- Overall spending is forecasted to increase due to inflation, collective bargaining increases, thawing of hiring freeze, the return of physical on-campus activity, and return to pre-pandemic levels of campus services.
- FY22 expenditures understated due to HEERF transfers in certain enterprise funds for revenue replacement.
- FY23 forecasts a **-\$14.9** million fiscal operating shortfall across all funds, as compared to a **+\$154.0** million net revenues from activities in FY22.



General Fund and TFSF Revenues FY2009 through FY2023





Mānoa

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 290,408,801	\$ 233,763,038	\$ 28,984,349	\$ 83,848,156	\$ 19,563,061	\$ 3,676,193	\$ 660,243,598
Expenditures	\$ 290,408,801	\$ 200,149,406	\$ 24,816,308	\$ 125,034,867	\$ 17,394,277	\$ 4,011,635	\$ 661,815,294
Net Transfers	\$ -	\$ 61,461,599	\$ 1,745,704	\$ (49,443,617)	\$ 248,608	\$ -	\$ 14,012,294
Rev less Exp/Trf	\$ -	\$ 2,152,033	\$ 2,422,337	\$ 11,244,507	\$ 2,420,176	\$ (335,442)	\$ 17,903,611
One-Time Exp		\$ 30,000,000	\$ -	\$ 2,987,601	\$ 500,000	\$ -	\$ 33,487,601

- Forecasting total revenue growth +7.7%, compared to FY22. General Funds are increasing by +\$46.3 million (+19.0%), although TFSF revenues projected to decrease by **-\$8.9 million (-3.7%)**.
- Enrollment and corresponding tuition revenues could change with semester registration deadlines.
- Expenditures are increasing by +\$110.3 million (+20.5%) as compared to FY22 due to R&M, collective bargaining increases, accommodating S397, and HEERF transfers in FY22. \$30.0 million from TFSF is also planned as a one-time expenditure for the expansion of Ching Field.
- Increases in enterprise activities and auxiliary services will result in increased revenues and expenditures in those areas.



Hilo

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 47,365,241	\$ 25,313,849	\$ 3,247,653	\$ 9,709,265	\$ 1,325,423	\$ 291,557	\$ 87,252,988
Expenditures	\$ 46,870,039	\$ 22,030,500	\$ 3,946,280	\$ 17,093,348	\$ 2,585,800	\$ 291,557	\$ 92,817,524
Net Transfers	\$ 495,202	\$ 7,977,455	\$ 46,187	\$ (6,406,074)	\$ (250,000)	\$ -	\$ 1,862,770
Rev less Exp/Trf	\$ -	\$ -	\$ (744,814)	\$ 1,138,437	\$ 38,973	\$ -	\$ 432,596
One-Time Exp	\$ -	\$ 4,694,106		\$ 2,116,446	\$ 1,049,350	\$ -	\$ 7,859,902

- Overall revenues are projected to increase by +\$7.4 million (+9.3%) as compared to FY22, primarily due to the \$9.0 million increase in General Funds. TFSF revenues are projected to decline by \$4.3 million (14.4%).
- \$7.9 million of one-time investments are planned for R&M projects for student housing, the Student Life Center, and Campus Center, in addition to energy efficiency reinvestment.



West O'ahu

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 20,455,067	\$ 16,724,824	\$ 243,639	\$ 130,900	\$ 719,730	\$ 100,000	\$ 38,374,160
Expenditures	\$ 20,766,813	\$ 10,568,949	\$ 300,000	\$ 2,897,003	\$ 1,113,589	\$ 100,000	\$ 35,746,354
Net Transfers	\$ (311,746)	\$ 6,155,875	\$ -	\$ (2,630,000)	\$ (586,323)	\$ -	\$ 2,627,806
Rev less Exp/Trf	\$ -	\$ 280,000	\$ (56,361)	\$ (61,103)	\$ 322,464	\$ -	\$ 485,000
One-Time Exp		\$ 280,000		\$ 75,000	\$ 130,000		\$ 485,000

- Although General Funds are +\$2.0 million (+10.4%) higher than FY22, TFSF revenues are projected to decrease by -\$1.0 million (-5.4%).
- Other Special and Other Revolving Funds are expected to increase revenue due to the re-opening of the campus.
- Altogether, UHWO is projecting no net change to aggregate campus fund balances.



Community Colleges

Comm Colleges	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 166,217,399	\$ 47,324,452	\$ 1,501,403	\$ 4,198	\$ 17,153,785	\$ 2,222,977	\$ 234,424,214
Expenditures	\$ 167,420,757	\$ 54,524,393	\$ 1,368,157	\$ 7,630	\$ 12,031,449	\$ 2,222,977	\$ 237,575,363
Net Transfers	\$ (1,203,358)	\$ (5,287,859)	\$ 24,398	\$ (4,900)	\$ (1,257,070)	\$ -	\$ (7,728,789)
Rev less Exp/Trf	\$ -	\$ 26,771,312	\$ 109,421	\$ 1,468	\$ 6,979,406	\$ -	\$ 33,861,607
One-Time Exp	\$ -	\$ 28,683,394	\$ 573	\$ -	\$ 600,000	\$ -	\$ 29,283,967

- General Funds are projected to increase by +\$21.4 million (+14.8%) over FY22, while TFSF Revenues are projected to decline by -\$3.7 million (-7.2%) due to declining enrollment.
- One-time expenditure of \$25.0 million to buy out Power Purchase Agreements (PPAs) across the CC system to realize long-term savings on energy expense.



Systemwide Administration

Sys Support	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 62,418,329	\$ 1,616,580	\$ 17,069,193	\$ 4,641,568	\$ 677,906	\$ 5,851,000	\$ 92,274,576
Expenditures	\$ 55,626,876	\$ 6,391,644	\$ 16,595,926	\$ 8,724,412	\$ 982,680	\$ 5,851,000	\$ 94,172,538
Net Transfers	\$ 6,791,453	\$ (7,361,846)	\$ 385,307	\$ (4,905,658)	\$ (377,900)	\$ -	\$ (5,468,644)
Rev less Exp/Trf	\$ -	\$ 2,586,782	\$ 87,960	\$ 822,814	\$ 73,126	\$ -	\$ 3,570,682
One-Time Exp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- Projected General Fund increase of +\$9.1 million (+17.1%) as compared to FY22.
- RTRF Revenue is projected to decrease by -\$12.1 million (-41.6%) attributed to significantly higher revenue in FY22 due to increased overhead income from federal coronavirus relief funds.



Next Steps

- Review and Acceptance today, pursuant to Committee input.
- Consideration of Multi-Year Financial Forecast later in this agenda.
- Review and Acceptance by full Board at its September 15th meeting.
- Quarterly Financial Reports to monitor revenues and expenditures.
- Quarterly updates on HEERF spending.