



# **Fiscal Year 2022-2023 Operating Budget**

**September 2022**

## **Introduction and Context**

The University of Hawai'i (UH) Board of Regents (BOR) Policy 8.204 requires UH Administration to present an operating budget, or expenditure plan, each year for approval. As UH transitions to a post-pandemic world, there are challenges and some uncertainty. This spending plan contains the framework, assumptions, and actions to respond to and prepare for these circumstances.

The UH depends on State General Funds for approximately 53% of its operating budget, and tuition revenue accounts for another 30%. The Research and Training Revolving Fund (RTRF) is the next largest component of UH's budget, with auxiliary units (i.e., food services, housing, facilities rentals, etc.) making up the balance.

The expenditure plan is based on the currently available information. It assumes there will be no restriction on UH's General Fund appropriations. Collective bargaining increases of 3.72% were agreed upon this past year, and this plan incorporates those costs. Additional assumptions regarding enrollment, utility costs, and other factors were also incorporated into this plan. UH Administration will provide quarterly updates comparing this spending plan with revenues and expenditures throughout the year.

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## OVERVIEW

In aggregate, the FY23 projected operating budget across the entire UH System is forecasted to include \$1,112 million in revenues against \$1,127 million in expenditures and transfers. As a result, a net fiscal operating shortfall of \$14.9 million is projected in the aggregate for all fund types for FY23. However, it should be noted, that this shortfall accommodates \$71.1 million in one-time expenditures. UH would project a \$56.3 million operating gain across all funds if those one-time costs were excluded,

As UH transitions to a post-pandemic environment, revenues appear to rebound. In aggregate, UH revenues in FY23 are projected to be \$74.6 million, or 7.2%, higher than FY22 actual revenues. The biggest increase in revenue is in the General Funds category, which is attributable to restorations of General Fund reductions in the FY22 budget, amounting to \$42.5 million. The Legislature also added \$20.9 million for additional programs and another \$25.3 million for collective bargaining. In total, the FY23 General Fund budget is projected to be \$88.7 million, or 17.8%, higher than FY22.

However, revenues for the Tuition and Fees Special Fund (TFSF) and the Research and Training Revolving Fund (RTRF) are projected to decline in FY23. As a result of a continuing decline in enrollment, TFSF revenues are projected to be \$17.5 million, or 5.1%, less than FY22. RTRF revenues are projected to decrease by \$11.8 million, or 18.8%, due to significantly higher FY22 revenues attributed to increased research activity and indirect costs associated with federal coronavirus relief funds.

As on-campus activity increases, Other Special Funds and Other Revolving Funds revenues are expected to be stronger this fiscal year and are projecting increases of 10.9% and 10.7%, respectively, compared to FY22.

FY23 operating expenditures, transfers, and one-time expenditures are projected to increase by \$245.7 million, or 27.9%, compared to FY22 actual expenditures. This is attributable to several factors: Payroll increases associated with collective bargaining, increased on-campus activity as the effects of the pandemic wane, and the expiration of federal coronavirus response funds that were used to offset revenue losses.

Even with approximately \$71.1 million of one-time expenditures, UH is projecting a \$14.9 million decrease in fund balances at the end of FY23. However, this distribution is not uniform, as TFSF is projecting a \$5.0 million decline in fund balances, which is largely attributable to the \$63.7 million in projected one-time TFSF expenditures.

Because of the significant operating gain in FY22 of \$154.0 million, fund balances are currently healthy with, ending balances projected to be \$562.0 million at the end of FY23. However, it is anticipated that these fund balances will be utilized in future fiscal years to address Years 3 and 4 of already negotiated four-year contracts with collective bargaining units. Additionally, there is always uncertainty regarding the General Fund appropriations to UH, and the overall economic situation is uncertain amidst mounting inflation and international conflict.

## **BUDGET HIGHLIGHTS BY CAMPUS**

### Mānoa

Lower enrollment and some uncertainty regarding actual collections are the primary factors for the declining TFSF revenue projection. Restoration of General Funds reduces the need to rely on TFSF expenditures to pay for permanent personnel and other operating expenditures, resulting in decreased TFSF expenditures. Auxiliary units expect a near return to pre-pandemic levels of activity, with resultant revenues and expenditures increases. A one-time expenditure of \$30 million from TFSF is included in this plan to expand the seating capacity at the Clarence T.C. Ching Athletics Complex (Ching Field) and relocate the track, although we expect this will be mitigated through a forthcoming release of Maintenance of Effort (MOE) funding from the Governor.

### Hilo

TFSF revenues are planned to be 14.4% less than FY22 actuals due to a projected overall enrollment decline of 10%. Hilo is continuing its cost-saving measures, including controlled filling of vacant positions, scrutiny of other payments and purchases, and limited access to purchasing power. The campus is also looking to spend \$7.9 million on RIM projects, energy efficiency reinvestment, student recruitment, an emergency alert system, and partial revenue replacement due to the decline in enrollment.

### West O'ahu (UH West O'ahu)

As UH West O'ahu continues to experience an overall decrease in enrollment, TFSF revenues are expected to decline. Despite this enrollment decline, Other Revolving Fund revenue is projected to increase as more students are expected to return to campus, resulting in an increased collection of student fees.

### Community Colleges

TFSF revenues are projected to decrease by \$3.7 million, or 7.2%. In response, the UH Community Colleges are continuing their efforts to remove as many financial barriers to attendance as possible, including re-strategizing the way tuition-funded scholarships are awarded, providing additional Hawaii Promise scholarships, and disbursing HEERF funding for Student Aid. Additionally, \$25 million will be used as a one-time expenditure to buy-out Power Purchase Agreements (PPAs) across the Community Colleges system resulting in long-term energy savings.

### Systemwide Administration (System)

The UH System offices rely predominantly on General Funds for both salary and operating costs since the UH System does not have a student population and therefore does not have a supplement of tuition funds. RTRF revenue increased in FY22 mainly due to increased overhead income from federal relief funds such as HEERF and other COVID-19 related awards. RTRF revenue is projected to return to normal levels in FY23 as these funds end.

**SYSTEMWIDE REVENUES**

Type of Fund	FY23 Projected	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
General Funds	\$586,864,837	\$498,155,200	\$88,709,637	17.8%
Tuition & Fees	\$324,742,743	\$342,239,511	(\$17,496,768)	-5.1%
RTRF	\$51,046,237	\$62,867,864	(\$11,821,627)	-18.8%
Other Special Funds	\$98,334,087	\$88,649,806	\$9,684,281	10.9%
Other Revolving Funds	\$39,439,905	\$35,625,560	\$3,814,345	10.7%
Appropriated Federal Funds	\$12,141,727	\$10,411,327	\$1,730,400	16.6%
<b>Total Revenues</b>	<b>\$1,112,569,536</b>	<b>\$1,037,949,268</b>	<b>\$74,620,268</b>	<b>7.2%</b>

Type of Fund	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
General Funds	\$498,155,200	\$493,018,593	\$5,136,607	1.0%
Tuition & Fees	\$342,239,511	\$327,947,772	\$14,291,739	4.4%
RTRF	\$62,867,864	\$48,997,190	\$13,870,674	28.3%
Other Special Funds	\$88,649,806	\$88,430,458	\$219,348	0.2%
Other Revolving Funds	\$35,625,560	\$36,695,205	(\$1,069,645)	-2.9%
Appropriated Federal Funds	\$10,411,327	\$7,367,557	\$3,043,770	41.3%
<b>Total Revenues</b>	<b>\$1,037,949,268</b>	<b>\$1,002,456,775</b>	<b>\$35,492,493</b>	<b>3.5%</b>

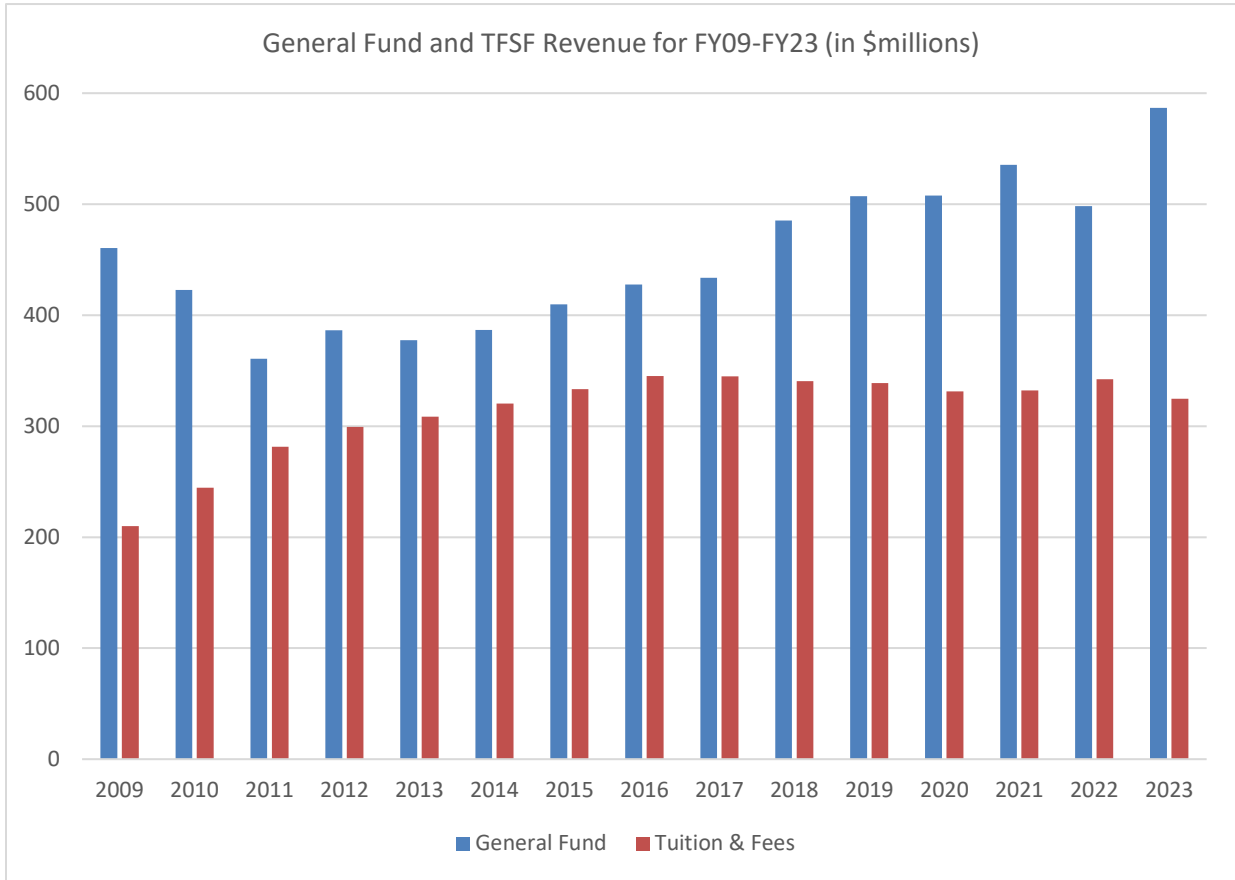
Compared to FY22 actual revenues, FY23 revenues are projected to increase by \$74.6 million, or 7.2%. This is due largely to the increase in General Fund appropriations by the Legislature, amounting to \$88.7 million, or 17.8%, compared to FY22.

Revenues for TFSF and RTRF are projected to decline by 5.1% and 18.8%, respectively. The decline in TFSF revenues result from overall declining enrollment across the UH System. The RTRF decline is primarily due to a return to normal activity levels following the increased overhead income from federal relief funds in FY22.

As on-campus activity increases, revenues for Other Special Funds and Other Revolving Funds are projected to increase by 10.9% and 10.7%, respectively.

### Historic Revenues for General Fund and Tuition

The following chart shows historic revenues for FY09 through FY22 and projected revenues for FY23 for the General Fund and TFSF:



General Fund appropriations are at an all-time high as a result of the restoration of FY22 General Fund reductions and additional initiatives, including the expansion of the medical residency program, nursing clinical instructors, and IT/Cybersecurity, in addition to collective bargaining increases.

## SYSTEMWIDE EXPENDITURES

### Expenditures and Transfers by Fund Type

Expenditures and Transfers	FY23 Projected	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
General Funds	\$586,864,837	\$498,155,198	\$88,709,639	17.8%
Tuition & Fees	\$356,610,118	\$267,202,264	\$89,407,854	33.5%
RTRF	\$49,228,267	\$41,675,879	\$7,552,388	18.1%
Other Special Funds	\$90,367,011	\$43,088,080	\$47,278,931	109.7%
Other Revolving Funds	\$31,885,110	\$23,452,600	\$8,432,510	36.0%
Appropriated Federal Funds	\$12,477,169	\$8,161,803	\$4,315,366	52.9%
<b>Total Expenditures</b>	<b>\$1,127,432,512</b>	<b>\$881,735,824</b>	<b>\$245,696,688</b>	<b>27.9%</b>

Expenditures and Transfers	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
General Funds	\$498,155,198	\$493,018,593	\$5,136,605	1.0%
Tuition & Fees	\$267,202,264	\$341,915,141	(\$74,712,877)	-28.0%
RTRF	\$41,675,879	\$51,020,194	(\$9,344,315)	-22.4%
Other Special Funds	\$43,088,080	\$71,238,038	(\$28,149,958)	-65.3%
Other Revolving Funds	\$23,452,600	\$39,577,775	(\$16,125,175)	-68.8%
Appropriated Federal Funds	\$8,161,803	\$7,349,057	\$812,746	10.0%
<b>Total Expenditures</b>	<b>\$881,735,824</b>	<b>\$1,004,118,798</b>	<b>(\$122,382,974)</b>	<b>-13.9%</b>

When HEERF funds were transferred into UH accounts to replace lost revenues, they were booked as negative expenditure amounts, which helped to offset other expenditures from those funds. This significantly reduced FY22 expenditures and transfers, which helped fund balances but made year-over-year comparisons difficult.

Overall expenditures are projected to increase by \$245.7 million or 27.9%. This increase represents a return to pre-pandemic levels of activity as well as additional costs due to collective bargaining increases, utility rate increases, and other operating expenses inflation.



Expenditure Category	FY23 Projected	FY 22 Actual	FY23 Projected vs. FY22 Actual	%age
Regular Employee Payroll	\$641,329,580	\$591,618,049	\$49,711,531	8.4%
Lecturer Payroll	\$39,569,151	\$36,753,283	\$2,815,868	7.7%
Student Help Payroll	\$17,743,000	\$11,863,353	\$5,879,647	49.6%
Other Personnel	\$8,182,400	\$7,200,011	\$982,389	13.6%
<i>Subtotal Personnel</i>	<i>\$706,824,131</i>	<i>\$647,434,696</i>	<i>\$59,389,435</i>	<i>9.2%</i>
Utilities	\$81,220,840	\$67,883,198	\$13,337,642	19.6%
Scholarships, Tuition	\$63,816,352	\$63,387,296	\$429,056	0.7%
Other Operating Expenses	\$270,265,752	\$160,828,250	\$109,437,502	68.0%
<i>Subtotal Other</i>	<i>\$415,302,944</i>	<i>\$292,098,744</i>	<i>\$123,204,200</i>	<i>42.2%</i>
<b>Total Expenditures</b>	<b>\$1,122,127,075</b>	<b>\$939,533,440</b>	<b>\$182,593,635</b>	<b>16.3%</b>

Expenditure Category	FY 22 Actual	FY22 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$591,618,049	\$636,851,324	(\$45,233,275)	-7.1%
Lecturer Payroll	\$36,753,283	\$38,268,729	(\$1,515,446)	-4.0%
Student Help Payroll	\$11,863,353	\$13,035,351	(\$1,171,998)	-9.0%
Other Personnel	\$7,200,011	\$7,753,878	(\$553,867)	-7.1%
<i>Subtotal Personnel</i>	<i>\$647,434,696</i>	<i>\$695,909,282</i>	<i>(\$48,474,586)</i>	<i>-7.0%</i>
Utilities	\$67,883,198	\$67,791,956	\$91,242	0.1%
Scholarships, Tuition	\$63,387,296	\$62,951,306	\$435,990	0.7%
Other Operating Expenses	\$160,828,250	\$192,044,222	(\$31,215,972)	-16.3%
<i>Subtotal Other</i>	<i>\$292,098,744</i>	<i>\$322,787,484</i>	<i>(\$30,688,740)</i>	<i>-9.5%</i>
<b>Total Expenditures</b>	<b>\$939,533,440</b>	<b>\$1,018,696,766</b>	<b>(\$79,163,326)</b>	<b>-7.8%</b>

Because of transfers, these numbers do not match the previous table that reported expenditures and transfers by fund type. As on-campus activities increase, expenditures are also increasing. Additional funds are also required for collective bargaining increases and increased utility costs.

**SYSTEMWIDE NET OPERATING INCOME**

Revenues less expenditures produce the Net Operating Income for the University. When looking at recurring costs, UH shows a net gain of \$53.1 million. However, there are also \$71.1 million in one-time expenditures planned for FY23. The combined effect is a reduction of fund balances totaling **-\$14.9 million** for FY23.

<b>Net Operating Income</b>	<b>FY23 Projected</b>
General Funds	\$0
Tuition & Fees	\$31,790,125
RTRF	\$1,818,543
Other Special Funds	\$13,146,123
Other Revolving Funds	\$9,834,145
Appropriated Federal Funds	<b>(\$335,442)</b>
<b>Total NOI</b>	<b>\$56,253,494</b>

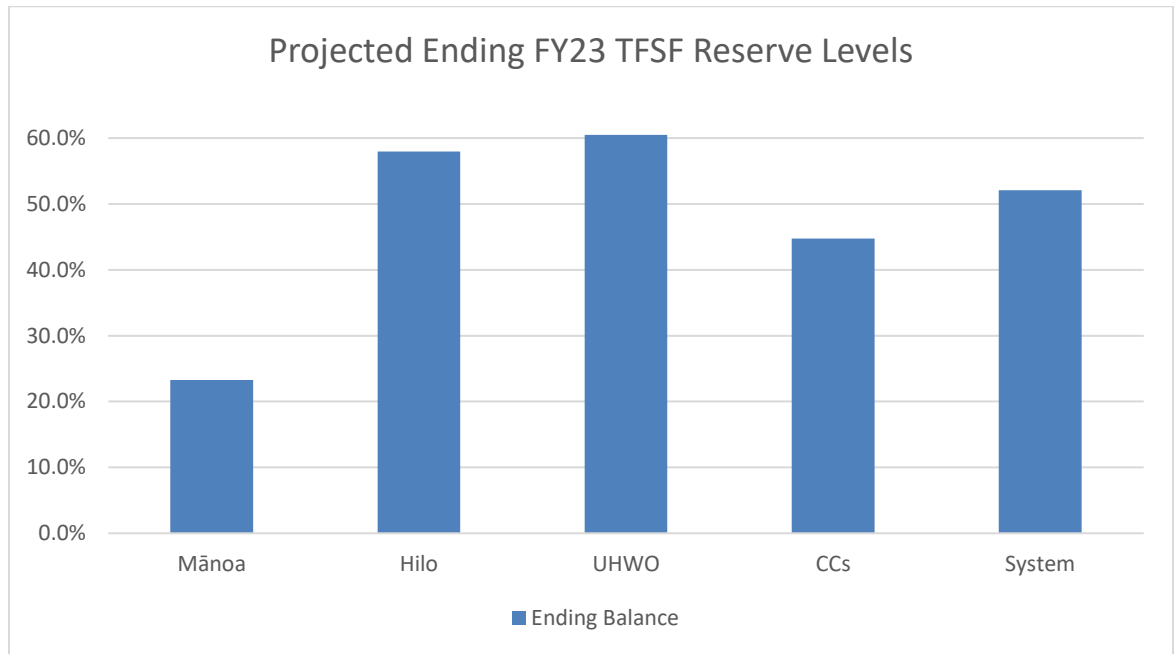
<b>One-Time Expenditures</b>	<b>FY23 Projected</b>
Tuition & Fees	\$63,657,500
RTRF	\$573
Other Special Funds	\$5,179,047
Other Revolving Funds	\$2,279,350
<b>Total NOI</b>	<b>\$71,116,470</b>

When looking across all UH funds, reserves can adequately satisfy the operating loss for this fiscal year. However, individual funds may be impacted more than others. Additionally, further reductions of UH’s General Fund appropriations in the next fiscal biennium are currently programmed into the state budget by the Legislature. HEERF monies will also not be available at that time.

<b>Net Operating Income (including one-time expenditures) (All Funds Summary)</b>	<b>FY23 Projected</b>
Net Operating Income	<b>(\$14,862,976)</b>
Beginning Balance	\$549,902,563
Ending Balance	\$535,039,587
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$128,830,904
Revised Ending Balance	\$406,208,683
Reserve Requirement (5% Minimum)	\$55,459,190
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$350,749,493</b>

### TFSF RESERVE LEVELS

TFSF reserve levels remain healthy, with all campuses above the 16% target, and several campuses significantly higher than that. However, it is expected that these balances will need to be utilized within the next fiscal years. These fund balances also provide flexibility for potential restructurings of University activities. The following chart shows projected ending FY23 TFSF reserve levels as a percentage of FY23 expenditures:



Campus	FY23 Ending	Held at System
Mānoa	\$ 80,323,471	\$ 23,059,088
Hilo	\$ 34,937,718	\$ 3,014,286
UH WEST		
O'AHU	\$ 19,414,397	\$ 1,604,876
CCs	\$ 98,559,640	\$ 11,018,162
System	\$ 27,036,733	\$ 2,595,426
<b>Total</b>	<b>\$ 260,271,957</b>	<b>\$ 41,291,838</b>

### ENROLLMENT

Across all UH campuses, Fall 2022 enrollment appears to be about 3.2% lower than Fall 2021. Although the magnitude of the decrease varies by campus, virtually all campuses are experiencing some level of decline, with only Kaua'i Community College showing an increase in enrollment compared to Fall 2021. Individual campus sections within this narrative have additional detail regarding enrollment.

## **Federal Coronavirus Response Funds**

Since the start of the pandemic in March 2020, the federal government has passed three funding measures in response to the COVID-19 pandemic and its economic impacts. These were the Coronavirus Aid Relief and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act (ARPA). These three measures included funding for the Higher Education Emergency Relief Fund (HEERF).

HEERF monies are available in three separate tranches: Tranche 1 funds are required to be used 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 the purchase of equipment or software for distance learning and training to operate in a remote learning environment. 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.

HEERF funds were used in FY22 to offset declines in revenues in other UH funds. These transfers-in of HEERF funds appeared as negative expenditures, resulting in reduced total FY22 expenditures. HEERF funds are set to expire on June 30, 2023, and UH is well on track to distribute or expend all these funds. Quarterly reports on HEERF expenditures will continue to be made to the federal government and presented to the Board of Regents.

## **CONCLUSION**

This FY23 spending plan arrives at a critical moment as UH transitions to a post-pandemic world. Because of fiscal actions taken in the past several fiscal years, UH is in a favorable financial position to accommodate the return to on-campus activity and other future costs as they may occur. As uncertainties arise and plans change throughout the year, UH Administration will report on a quarterly basis to the Board of Regents, comparing this spending plan to actual revenues and expenditures.

# 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 consistently ranks UH Mānoa as among the top 100 universities in the nation in federal research expenditures. UH Mānoa has widely recognized strengths in the marine sciences, earth sciences, astronomy, linguistics, Asian Studies, population sciences, tropical agriculture, tropical medicine, microbiology, Hawaiian studies, Pacific Islands studies, international business, 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, public health, 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 100 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.

Over the past several years, strategic planning has provided the campus with a roadmap for budget strategies and priorities over the next five years, all of which have been challenged by the COVID-19 pandemic and financial crisis. The post-pandemic planning process began in Spring 2020 and yielded a series of recommendations for programmatic adjustments and organizational changes, many of which have now been implemented. A set of performance indicators for prioritization was developed in FY21 to evaluate further program changes, hiring priorities, and budget-making decisions. This planning and prioritization process aligns the strategic investment of resources toward the goal of meeting the highest priority needs of the State to ensure a more complete and equitable economic and social recovery as we build toward a more sustainable and robust future.

## BUDGET SUMMARY

### Overview

UH Mānoa is projecting revenues of \$660.2 million and expenditures and transfers of \$648.9 million for all funds. Discussion of the projected net operating loss follows the presentation of the summary tables below. The Tuition and Fees Special Fund is covered in a separate section following the discussion of all funds.

### ALL FUNDS

#### Revenues

Type of Fund	FY23 Projected	FY 22 Actual	FY23 Projected vs. FY22 Actual	%age
General Funds	\$290,408,801	\$244,100,216	\$46,308,585	19.0%
Tuition & Fees	\$233,763,038	\$242,637,655	(\$8,874,617)	-3.7%
RTRF	\$28,984,349	\$28,785,671	\$198,678	0.7%
Other Special Funds	\$83,848,156	\$75,785,715	\$8,062,441	10.6%
Other Revolving Funds	\$19,563,061	\$15,022,839	\$4,540,222	30.2%
Appropriated Federal Funds	\$3,676,193	\$6,806,692	(\$3,130,499)	-46.0%
<b>Total Revenues</b>	<b>\$660,243,598</b>	<b>\$613,138,788</b>	<b>\$47,104,810</b>	<b>7.7%</b>

Type of Fund	FY 22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
General Funds	\$244,100,216	\$230,780,332	\$13,319,884	5.8%
Tuition & Fees	\$242,637,655	\$228,859,569	\$13,778,086	6.0%
RTRF	\$28,785,671	\$29,584,693	(\$799,022)	-2.7%
Other Special Funds	\$75,785,715	\$76,462,202	(\$676,487)	-0.9%
Other Revolving Funds	\$15,022,839	\$16,295,518	(\$1,272,679)	-7.8%
Appropriated Federal Funds	\$6,806,692	\$3,446,193	\$3,360,499	97.5%
<b>Total Revenues</b>	<b>\$613,138,788</b>	<b>\$585,428,507</b>	<b>\$27,710,281</b>	<b>4.7%</b>

When comparing the projected FY23 budget against FY22 actuals, revenue is expected to increase by \$47.1 million, or 7.7%. The 2021 Legislature reduced the UH Mānoa appropriation of General Funds by \$35.6 million in FY22, although the reduction is slightly lower in the above table due to one-time appropriations in FY22. This appropriation reduction was restored in FY23 in addition to added funding for collective bargaining agreements. The pandemic severely impacted Other Special and Revolving fund revenues. Operations are now projected to return closer to pre-pandemic levels. RTRF is projected to be consistent with FY22 actuals.

TFSF revenue is currently projected to decrease by approximately 3.7% from the prior year. As of this writing, enrollment is relatively flat for Fall 2022, and tuition charged for Fall has reduced by about 1% compared to the previous year. However, significant uncertainties regarding how much tuition will actually be collected remains to be resolved as we navigate through the semester. The uncollected tuition amount for Fall jumped in Fall 2021, and this trend continues for Fall 2022. Tuition waivers are trending higher than FY22 (up about 3%),

which reduces the amount of funding available to spend. Summer and credit extension revenues are projected to be lower than last year, continuing the trend from the past two years. The timing of adjusting entries for one of the tuition-based programs also resulted in higher than expected revenues in FY22, which will be adjusted in FY23. The net result of all of these assumptions results in a projected decrease of 3.7%.

Other Special and Other Revolving Fund operations include campus auxiliary operations such as the bookstore, parking, athletics, student activities, and student and faculty housing. For FY23, most units are conservatively projecting that operations will be near pre-pandemic levels as in-person services increase. Some adjustments for changes in people’s behavior and expectations post-pandemic resulted in some revenues trending lower. As the situation changes, these projections may require revision as more information becomes available.

Expenditures and Transfers by Fund Type

Expenditures and Transfers	FY23 Projected	FY22 Actual	FY23 Proj. vs. FY22 Actual	%age
General Funds	\$290,408,801	\$243,372,930	\$47,035,871	19.3%
Tuition & Fees	\$261,611,005	\$217,808,825	\$43,802,180	20.1%
RTRF	\$26,562,012	\$23,860,233	\$2,701,779	11.3%
Other Special Funds	\$75,591,250	\$34,530,665	\$41,060,585	118.9%
Other Revolving Funds	\$17,642,885	\$13,067,167	\$4,575,718	35.0%
Appropriated Federal Funds	\$4,011,635	\$5,968,106	(\$1,956,471)	-32.8%
<b>Total Expenditures</b>	<b>\$675,827,588</b>	<b>\$538,607,927</b>	<b>\$137,219,661</b>	<b>25.5%</b>

Expenditures and Transfers	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Proj.	%age
General Funds	\$243,372,930	\$230,780,332	\$12,592,598	5.5%
Tuition & Fees	\$217,808,825	\$246,974,395	(\$29,165,570)	-11.8%
RTRF	\$23,860,233	\$29,459,591	(\$5,599,358)	-19.0%
Other Special Funds	\$34,530,665	\$59,015,271	(\$24,484,606)	-41.5%
Other Revolving Funds	\$13,067,167	\$17,249,513	(\$4,182,346)	-24.2%
Appropriated Federal Funds	\$5,968,106	\$3,427,693	\$2,540,413	74.1%
<b>Total Expenditures</b>	<b>\$538,607,927</b>	<b>\$586,906,795</b>	<b>(\$48,298,868)</b>	<b>-8.2%</b>

Across all fund types, FY23 expenditures and net transfers are projected to increase by 25.5% over FY22 actual expenditures. This increase is partly due to transfers from HEERF funds into other special funds for the lost revenue that reduced FY22 actual figures by approximately \$23.8 million. In addition, FY23 will see a resumption of spending on some repair and maintenance activities that were delayed during the early days of the pandemic. Inflationary factors also contribute to increases in expenditures on the various funds.

For General Funds, expenditures will increase by the amount of the restoration of the appropriation reduction compared to FY22 and receiving an appropriation to pay for collective bargaining agreements.

TFSF expenditures would have decreased compared to FY22 as the restoration of General Funds reduces the need to rely on TFSF to pay for permanent personnel and other required operating expenditures. Because ARPA funding was used to cover some of the FY22 permanent personnel expenditures, these expenditures were charged fringe benefits, whereas General Fund personnel expenditures were not. This accounts for some of variances between the restoration of General Funds and the reduction of TFSF expenditures. Due to collective bargaining inflationary increases, and the loss of the use of S397, overall expenditures will trend upward from the prior year. \$30 million is also being budgeted as a one-time expense for expanding the Ching Field complex and relocating the track.

RTRF is expected to be fairly consistent with prior years. The level of revenues and expenditures is not expected to change significantly from the prior fiscal year.

Other Special Fund expenditures are expected to increase in FY23. The expenditure amounts look significantly larger due to how federal recovery fund monies were recorded. These funds were booked as transfers into the funds, which offset the expenditure amount for a total of approximately \$23.8 million. The increase in planned expenditures is mostly due to collective bargaining (\$3.6 million) and utilities (\$2 million) increases, as well as inflationary factors (\$2.1 million). Also, repairs and maintenance projects are anticipated to be resumed after being delayed during the pandemic (\$3.8 million).

Other Revolving Fund expenditures are expected to increase in anticipation of returning to near pre-pandemic levels of activities on campus. The prior year's actuals reflect fewer expenditures related to student fee activities and commercial enterprise activities. Expenditures are expected to increase due to collective bargaining, utilities, and inflationary factors, in addition to anticipating a return to near-normal operations.

Federally appropriated funds are typically Federal Work Study and USDA funds awarded to the College of Tropical Agriculture and Human Resources (CTAHR). In FY22, one-time State ARPA funds were given to the University of Hawai'i Economic Research Organization (UHERO) and Aquaria for COVID-related research and revenue replacement.



Expenditures by Category

Expenditure Category	FY23 Budget	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
Regular Employee Payroll	\$394,453,727	\$363,978,242	\$30,475,485	8.4%
Lecturer Payroll	\$11,777,475	\$11,320,036	\$457,439	4.0%
Student Help Payroll	\$11,347,875	\$7,394,740	\$3,953,135	53.5%
Other Personnel	\$3,652,874	\$3,930,600	(\$277,726)	-7.1%
<i>Subtotal Personnel</i>	<i>\$421,231,951</i>	<i>\$386,623,617</i>	<i>\$34,608,334</i>	<i>9.0%</i>
Utilities	\$59,667,866	\$49,964,663	\$9,703,203	19.4%
Scholarships, Tuition	\$43,932,173	\$44,210,761	(\$278,588)	-0.6%
Other Operating Expenses	\$136,983,304	\$91,235,283	\$45,748,021	50.1%
<i>Subtotal Other</i>	<i>\$240,583,343</i>	<i>\$185,410,708</i>	<i>\$55,172,635</i>	<i>29.8%</i>
<b>Total Expenditures</b>	<b>\$661,815,294</b>	<b>\$572,034,324</b>	<b>\$89,780,970</b>	<b>15.7%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
Regular Employee Payroll	\$363,978,242	\$382,186,046	(\$18,207,804)	-4.8%
Lecturer Payroll	\$11,320,036	\$8,043,937	\$3,276,099	40.7%
Student Help Payroll	\$7,394,740	\$7,424,986	(\$30,246)	-0.4%
Other Personnel	\$3,930,600	\$3,642,639	\$287,961	7.9%
<i>Subtotal Personnel</i>	<i>\$386,623,617</i>	<i>\$401,297,608</i>	<i>(\$14,673,991)</i>	<i>-3.7%</i>
Utilities	\$49,964,663	\$47,461,877	\$2,502,786	5.3%
Scholarships, Tuition	\$44,210,761	\$43,247,964	\$962,797	2.2%
Other Operating Expenses	\$91,235,283	\$99,646,489	(\$8,411,206)	-8.4%
<i>Subtotal Other</i>	<i>\$185,410,708</i>	<i>\$190,356,330</i>	<i>(\$4,945,622)</i>	<i>-2.6%</i>
<b>Total Expenditures</b>	<b>\$572,034,324</b>	<b>\$591,653,938</b>	<b>(\$19,619,614)</b>	<b>-3.3%</b>

Because of transfers, these numbers do not exactly match the previous table that reported expenditures by fund type. Expenditures in FY23 are projected to increase by 15.7% over FY22 actual expenditures. These increases are primarily in personnel, utilities, and other operating expenses, due to an increase in on-campus activity, collective bargaining increases, and inflationary factors, respectively. Scholarships appear to decrease due to one-time increases in TFSF-funded scholarships in FY22.

Net Operating Gain (Loss)

Type of Fund	FY23 Projected	FY22 Actual	FY23 Proj. vs. FY22 Actual	%age
General Funds	\$0	\$0	\$0	
Tuition & Fees	(\$27,847,967)	\$24,828,830	(\$52,676,797)	-212.2%
RTRF	\$2,422,337	\$4,925,438	(\$2,503,101)	-50.8%
Other Special Funds	\$8,256,906	\$41,255,050	(\$32,998,144)	-80.0%
Other Revolving Funds	\$1,920,176	\$1,955,672	(\$35,496)	-1.8%
Appropriated Federal Funds	(\$335,442)	\$838,586	(\$1,174,028)	-140.0%
<b>Total Net Gain/Loss</b>	<b>(\$15,583,990)</b>	<b>\$73,803,576</b>	<b>(\$89,387,566)</b>	<b>-121.1%</b>

Type of Fund	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Proj.	%age
General Funds	\$0	\$0	\$0	
Tuition & Fees	\$24,828,830	(\$18,114,826)	\$42,943,656	-237.1%
RTRF	\$4,925,438	\$125,102	\$4,800,336	3837.1%
Other Special Funds	\$41,255,050	\$18,967,654	\$22,287,396	117.5%
Other Revolving Funds	\$1,955,672	(\$369,187)	\$2,324,859	-629.7%
Appropriated Federal Funds	\$838,586	\$18,500	\$820,086	4432.9%
<b>Total Expenditures</b>	<b>\$73,803,576</b>	<b>\$627,243</b>	<b>\$73,176,333</b>	<b>11666.3%</b>

Net Operating Gain/Loss 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 increases due to the Ching Field expansion, collective bargaining, utilities, and inflationary increases. Also, due to the loss of the use of S397, fringe costs for the shortfall of General Funds for permanent employees are now projected to be assessed fringe when charged to TFSF.

RTRF net operating income is projected to decrease due to conservative revenue and expenditures assumptions for the upcoming year. Revenues are anticipated to be consistent with the prior year, but the expenditures are expected to increase due to collective bargaining and inflation.

With the anticipation of more presence and activity on campus this academic year, the extent of COVID-related challenges to specific Other Special Funds are not projected to be as extensive as in the past. Many operations are returning to near normal levels of activities; however, projected costs are increasing due to collective bargaining and inflation. The variance in Other Special Funds is mostly due to the booking of the lost revenue transfers from federal recovery funds.

Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures) (All Funds Summary)</b>	<b>FY23 Projected</b>
Net Operating Income	<b>(\$15,583,990)</b>
Beginning Balance	\$277,804,406
Ending Balance	\$262,220,416
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$98,176,163
Revised Ending Balance	\$164,044,253
Reserve Requirement (5% Minimum)	\$33,590,798
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$130,453,455</b>

After a projected net operating loss of \$15.6 million, Mānoa’s anticipated ending balance is \$262.2 million. If all of the one-time expenditures were removed (\$33.5 million), there would have been a net operating gain of \$17.9 million.

Much of this balance is already committed in the form of repair & replacement reserves, bond covenants and requirements, and RTRF commitments. The total of those requirements is projected to be \$98.2 million in FY23. This leaves a projected unreserved ending balance of \$164.0 million, which remains above the 5% minimum reserve and the 16% target reserve level of \$107.5 million. There is also \$26.3 million of TFSF being held centrally. Much of the extra reserve was held due to the uncertainty of the General Fund budget during the last two fiscal years. If the 2022 Legislature had not increased the General Fund appropriations to the Mānoa campus for FY23, the accumulated reserves would have been required to continue campus operations while budget strategies were refined and implemented.

**TUITION AND FEES SPECIAL FUND**

Tuition and Fees Special Fund (TFSF) is projected to have revenues of \$233.8 million, expenditures of \$200.1 million, and net transfers of \$61.5 million. This results in a projected net operating loss of \$27.8 million.

Revenues

<b>FY23 Projected</b>	<b>FY22 Actual</b>	<b>FY23 Proj. vs. FY22 Actual</b>	<b>%age</b>
\$233,763,038	\$242,637,655	<b>(\$8,874,617)</b>	<b>-3.7%</b>

<b>FY22 Actual</b>	<b>FY22 Projected</b>	<b>FY22 Actual vs. FY22 Proj.</b>	<b>%age</b>
\$242,637,655	\$223,168,863	\$19,468,792	8.7%

FY23 tuition is projected to be \$8.9 million less than what was received in FY22. This reflects a lower enrollment projection; additionally, uncertainties remain with regard to the revenues that may be realized. This includes an adjustment for revenues not reclassified prior to the end of FY22 which will reduce the revenue in FY23. In addition, regular term TFSF revenue is projected to be flat compared to the prior year resulting in lower than anticipated cash basis revenue available for spending. Similar trends are projected for summer and extension credit offerings.

Expenditures

Expenditure Category	FY23 Budget	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
Regular Employee Payroll	\$58,729,995	\$73,567,274	(\$14,837,278)	-20.2%
Lecturer Payroll	\$11,310,118	\$10,919,937	\$390,181	3.6%
Student Help Payroll	\$4,489,191	\$3,580,228	\$908,962	25.4%
Other Personnel	\$2,150,684	\$2,086,010	\$64,674	3.1%
<i>Subtotal Personnel</i>	<i>\$76,679,989</i>	<i>\$90,153,449</i>	<i>(\$13,473,461)</i>	<i>-14.9%</i>
Utilities	\$44,423,767	\$33,977,842	\$10,445,925	30.7%
Scholarships, Tuition	\$4,005,325	\$2,553,466	\$1,451,859	56.9%
Other Operating Expenses	\$75,040,326	\$46,011,507	\$29,028,820	63.1%
<i>Subtotal Other</i>	<i>\$123,469,419</i>	<i>\$82,542,815</i>	<i>\$40,926,604</i>	<i>49.6%</i>
<b>Total Expenditures</b>	<b>\$200,149,407</b>	<b>\$172,696,264</b>	<b>\$27,453,143</b>	<b>15.9%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
Regular Employee Payroll	\$73,567,274	\$95,810,706	(\$22,243,432)	-23.2%
Lecturer Payroll	\$10,919,937	\$7,858,968	\$3,060,969	38.9%
Student Help Payroll	\$3,580,228	\$2,772,507	\$807,721	29.1%
Other Personnel	\$2,086,010	\$2,412,835	(\$326,825)	-13.5%
<i>Subtotal Personnel</i>	<i>\$90,153,449</i>	<i>\$108,855,016</i>	<i>(\$18,701,567)</i>	<i>-17.2%</i>
Utilities	\$33,977,842	\$35,195,924	(\$1,218,082)	-3.5%
Scholarships, Tuition	\$2,553,466	\$2,191,876	\$361,590	16.5%
Other Operating Expenses	\$46,011,507	\$45,647,050	\$364,457	0.8%
<i>Subtotal Other</i>	<i>\$82,542,815</i>	<i>\$83,034,850</i>	<i>(\$492,035)</i>	<i>-0.6%</i>
<b>Total Expenditures</b>	<b>\$172,696,264</b>	<b>\$191,889,866</b>	<b>(\$19,193,602)</b>	<b>-10.0%</b>

FY23 expenditures are projected to increase by about 15.9% compared to FY22 actual expenditures.

- Personnel Expenses: Personnel expenditures are expected to decrease by \$13.5 million over the last fiscal year. This reflects the restoration of General Funds, which reduces the amount of TFSF needed to cover the cost of permanent employees. The amount is offset by some of the permanent salaries not covered by General Funds, which will be assessed as fringe benefit costs, and increased costs due to collective bargaining increases.

- Utilities: Expenditures for utilities on tuition funds are projected to be higher than in FY22 due to increased presence on campus and increases in rates.
- Scholarships: Some scholarship funds allocated in FY22 were not fully awarded and are expected to be awarded in FY23.
- Other Operating: Other Operating costs are projected to increase due to inflationary factors and return to higher levels of on-campus activity. Also, the Ching Field expansion and relocation of the track are expected to cost \$30 million.

Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures) (TFSF)</b>	<b>FY23 Projected</b>
Net Operating Income	<b>(\$27,847,967)</b>
Beginning Balance	\$108,171,438
Ending Balance	\$80,323,471
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$0
Revised Ending Balance	\$80,323,471
Reserve Requirement (5% Minimum)	\$27,600,990
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$52,722,481</b>

In FY23, TFSF is projected to have a net operating loss of \$27.8 million, which still places the ending balance above the 5% minimum reserve requirement of \$27.6 million outlined in Executive Policy. The ending balance of \$80.3 million is just below the 16% reserve target of \$88.3 million. If the one-time expenditure of the Ching Field expansion and relocation of the track (\$30 million) is removed, there would be a projected net operating gain of \$2.2 million. The 5% minimum reserve will be held at the system level and booked as a year-end adjustment. These reserves will be essential to address revenue shortfalls in future fiscal years while campus reshaping plans are implemented.

# University of Hawai'i at Hilo

## Introduction

UH Hilo is a comprehensive, regional university whose primary focus is providing high-quality baccalaureate and select postgraduate education. In carrying out this mission, UH Hilo offers 35 undergraduate degrees, 6 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 admissions 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 2021-2031 UH Hilo Strategic Plan helps to guide the development of budget strategies and spending priorities for the campus. An action plan which advances the achievement of the strategic goals was developed, and implementation of the action items is currently underway. UH Hilo plans to use tuition reserves to fund some action items and reallocate current resources.

**ALL FUNDS**

Revenues

Type of Fund	FY 2023 Projected	FY 22 Actual	FY23 Projected vs. FY22 Actual	%age
General Funds	\$46,870,039	\$37,863,166	\$9,006,873	23.8%
Tuition & Fees	\$25,313,849	\$29,574,480	(\$4,260,631)	-14.4%
RTRF	\$3,247,653	\$3,204,624	\$43,029	1.3%
Other Special Funds	\$9,709,265	\$7,239,666	\$2,469,599	34.1%
Other Revolving Funds	\$1,325,423	\$1,259,110	\$66,313	5.3%
Appropriated Federal Funds	\$291,557	\$222,606	\$68,951	31.0%
<b>Total Revenues</b>	<b>\$86,757,786</b>	<b>\$79,363,652</b>	<b>\$7,394,134</b>	<b>9.3%</b>

Type of Fund	FY 22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
General Funds	\$37,863,166	\$37,532,515	\$330,651	0.9%
Tuition & Fees	\$29,574,480	\$29,618,584	(\$44,104)	-0.1%
RTRF	\$3,204,624	\$2,982,997	\$221,627	6.9%
Other Special Funds	\$7,239,666	\$7,417,006	(\$177,340)	-2.4%
Other Revolving Funds	\$1,259,110	\$1,405,812	(\$146,702)	-11.7%
Appropriated Federal Funds	\$222,606	\$291,557	(\$68,951)	-31.0%
<b>Total Revenues</b>	<b>\$79,363,652</b>	<b>\$79,248,471</b>	<b>\$115,181</b>	<b>0.1%</b>

Overall, revenues are projected to increase by 9.3% compared to actual FY22 collections. With General Fund reductions restored, additional initiatives funded by the Legislature, and anticipated collective bargaining augmentation, General Fund revenue is projected to be 23.8% more than FY22 actuals. Tuition and Fees revenue is planned to be 14.4% less than FY22 actuals due to a projected overall enrollment decline of 10%. Other Special Fund revenue is projected to increase by \$2.5 million compared with actual FY22 revenue.

Revenue from theater ticket sales, athletic events, food concession rebates, and facility use is projected to increase compared with FY22 actual revenue. The increase in Other Special Fund revenue is primarily due to a projected increase in residence hall occupancy and the number of students attending in-person classes. There is a slight increase in Other Revolving Fund revenue due to more students taking in-person classes.

## Expenditures

Expenditure Category	FY23 Budget	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
Regular Employee Payroll	\$46,669,190	\$41,082,225	\$5,586,965	13.6%
Lecturer Payroll	\$2,218,042	\$1,643,670	\$574,372	34.9%
Student Help Payroll	\$1,671,927	\$1,280,735	\$391,192	30.5%
Other Personnel	\$1,821,651	\$1,654,266	\$167,385	10.1%
<i>Subtotal Personnel</i>	<i>\$52,380,810</i>	<i>\$45,660,896</i>	<i>\$6,719,914</i>	<i>14.7%</i>
Utilities	\$5,644,138	\$4,537,453	\$1,106,685	24.4%
Scholarships, Tuition	\$6,860,414	\$6,800,928	\$59,486	0.9%
Repairs & Maintenance	\$5,756,786	\$1,044,886	\$4,711,900	450.9%
Other Operating Expenses	\$22,175,376	\$13,199,488	\$8,975,888	68.0%
<i>Subtotal Other</i>	<i>\$40,436,714</i>	<i>\$25,582,755</i>	<i>\$14,853,959</i>	<i>58.1%</i>
<b>Total Expenditures</b>	<b>\$92,817,524</b>	<b>\$71,243,651</b>	<b>\$21,573,873</b>	<b>30.3%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
Regular Employee Payroll	\$41,082,225	\$47,477,972	(\$6,395,747)	-13.5%
Lecturer Payroll	\$1,643,670	\$1,248,030	\$395,640	31.7%
Student Help Payroll	\$1,280,735	\$1,779,917	(\$499,182)	-28.0%
Other Personnel	\$1,654,266	\$1,188,931	\$465,335	39.1%
<i>Subtotal Personnel</i>	<i>\$45,660,896</i>	<i>\$51,694,850</i>	<i>(\$6,033,954)</i>	<i>-11.7%</i>
Utilities	\$4,537,453	\$5,512,593	(\$975,140)	-17.7%
Scholarships, Tuition	\$6,800,928	\$6,962,614	(\$161,686)	-2.3%
Repairs & Maintenance	\$1,044,886	\$3,263,236	(\$2,218,350)	-68.0%
Other Operating Expenses	\$13,199,488	\$14,696,096	(\$1,496,608)	-10.2%
<i>Subtotal Other</i>	<i>\$25,582,755</i>	<i>\$30,434,539</i>	<i>(\$4,851,784)</i>	<i>-15.9%</i>
<b>Total Expenditures</b>	<b>\$71,243,651</b>	<b>\$82,129,389</b>	<b>(\$10,885,738)</b>	<b>-13.3%</b>

Overall, expenditures are projected to be 30.3% more than actual FY22 expenditures. Personnel cost is projected to increase by 14.7% due to collective bargaining increases, the increase in the minimum wage, additional legislative funded initiatives, and the strategic filling of vacant positions that have been deferred since the spring of 2020. The projected FY23 utilities budget is about \$1.1 million more than actual FY22 expenditures because the budgeted amount includes rate increases and an increase in usage due to an increase in residence hall occupancy. Repairs and Maintenance (R&M) expenses projected for FY23 are \$4.7 million more than actual FY22 expenditures and include one-time expenditures for projects at the student housing facilities, Student Life Center, and Campus Center. Some R&M projects planned for FY22 were not finalized and will be completed this year. Other Operating Expenses are projected to be \$9.0 million more than actual FY22 expenditures due to a variety of factors such as:

- 1) Additional initiatives funded by the legislature;
- 2) Increased operating costs for the residence halls; and,
- 3) One-time spending from reserves.



UH Hilo is continuing the following cost-saving measures:

- Filling of vacant positions and new hires funded by General Funds or TFSF are made on an exception basis and requires the UH President’s approval.
- Overtime, overload, and stipend payments require approval of the Vice Chancellor or Chancellor on a case-by-case basis.
- Travel, new contracts, contract renewals, and equipment purchases are carefully scrutinized and approved only if it is determined that they are essential at this time.
- Pcard use has been reduced by limiting the number of employees authorized to make purchases. The Chancellor and Vice Chancellors provided approvals for certain cardholders from each major department. The remaining cardholders have been instructed not to utilize their P-cards.

Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures) (All Funds Summary)</b>	<b>FY23 Projected</b>
Net Operating Income	(\$7,427,306)
Beginning Balance	\$52,666,826
Ending Balance	\$45,239,520
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$7,950,000
Revised Ending Balance	\$37,289,520
Reserve Requirement (5% minimum)	4,694,677
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$32,594,843</b>

Pursuant to Executive Policy EP2.212, a cash balance is maintained by the Revenue Undertaking Special Fund for a repair and replacement reserve. An amount equal to 50% of its depreciation expense for the preceding fiscal year is transferred into this fund for Student Housing, Food Service, and Daniel K. Inouye College of Pharmacy (DKICP) projects. Balances are also held for repairing, maintaining, and replacing facilities and equipment for revenue-generating units, i.e., Student Life Center. In total, this reserve requirement is \$8.0 million.

Although UH Hilo proposes to spend \$7.9 million more than its revenues for FY23 for planned expenditures and to fund one-time expenses, the remaining balance of \$45.2 million is still above the minimum threshold.

**TUITION AND FEES SPECIAL FUND**

Revenues

FY23 Projected	FY22 Actual	FY23 Proj. vs. FY22 Actual	%age
\$25,313,849	\$29,574,480	(\$4,260,631)	-14.41%

FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Proj.	%age
\$29,574,480	\$29,618,584	(\$44,104)	-0.15%

Tuition and Fee revenues are planned to be 14.41% less than the FY22 actual amount due to a projected overall enrollment decline of 10%.

Expenditures

Expenditure Category	FY23 Budget	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
Regular Employee Payroll	\$4,896,397	\$4,267,354	\$629,043	14.7%
Lecturer Payroll	\$209,942	\$245,829	(\$35,887)	-14.6%
Student Help Payroll	\$629,590	\$625,072	\$4,518	0.7%
Other Personnel	\$1,014,857	\$1,087,311	(\$72,454)	-6.7%
<i>Subtotal Personnel</i>	\$6,750,786	\$6,225,566	\$525,220	8.4%
Utilities	\$3,526,780	\$3,339,599	\$187,181	5.6%
Scholarships, Tuition	\$200,000	\$149,997	\$50,003	33.3%
Repairs & Maintenance	\$2,899,401	\$853,034	\$2,046,367	239.9%
Other Operating Expenses	\$8,653,533	\$5,956,508	\$2,697,025	45.3%
<i>Subtotal Other</i>	\$15,279,714	\$10,299,138	\$4,980,576	48.4%
<b>Total Expenditures</b>	<b>\$22,030,500</b>	<b>\$16,524,704</b>	<b>\$5,505,796</b>	<b>33.3%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
Regular Employee Payroll	\$4,267,354	\$8,649,768	(\$4,382,414)	-50.7%
Lecturer Payroll	\$245,829	\$1,248,030	(\$1,002,201)	-80.3%
Student Help Payroll	\$625,072	\$629,000	(\$3,928)	-0.6%
Other Personnel	\$1,087,311	\$1,010,000	\$77,311	7.7%
<i>Subtotal Personnel</i>	\$6,225,566	\$11,536,798	(\$5,311,232)	-46.0%
Utilities	\$3,339,599	\$4,660,850	(\$1,321,251)	-28.3%
Scholarships, Tuition	\$149,997	\$200,000	(\$50,003)	-25.0%
Repairs & Maintenance	\$853,034	\$1,400,000	(\$546,966)	-39.1%
Other Operating Expenses	\$5,956,508	\$6,301,978	(\$345,470)	-5.5%
<i>Subtotal Other</i>	\$10,299,138	\$12,562,828	(\$2,263,690)	-18.0%
<b>Total Expenditures</b>	<b>\$16,524,704</b>	<b>\$24,099,626</b>	<b>(\$7,574,922)</b>	<b>-31.4%</b>

Repairs and Maintenance are projected to be \$2.0 million more than FY22 actual expenditure due to a one-time Renew, Improve, and Modernize (RIM) investment, and other operating expenses are projected to increase by \$2.7 million when compared to FY22 actual expenditures due to planned one-time spending of reserves.

Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures) (TFSF)</b>	<b>FY23 Budget</b>
Net Operating Income	<b>(\$4,694,106)</b>
Beginning Balance	\$39,631,824
Ending Balance	\$34,937,718
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	
Revised Ending Balance	\$34,937,718
Reserve Requirement (5% minimum)	\$3,843,900
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$31,093,818</b>

UH Hilo’s TFSF ending balance of \$34.9 million is above the 5% minimum reserve requirement in Executive Policy EP8.210 Systemwide Financial Reserves.

The net operating loss of \$4.7 million is due to planned one-time expenditures relating to RIM projects, energy efficiency reinvestment, student recruitment, emergency alert system, and partial revenue replacement due to the decline in enrollment. The use of reserves to partially offset the decline in tuition revenue will enable the campus to fund action items supporting UH Hilo’s 2021-2031 Strategic Plan.

# University of Hawai'i West O'ahu

## Introduction

The University of Hawai'i West O'ahu (UH West O'ahu) 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-grounded institution, UH West O'ahublends 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 they become our 21<sup>st</sup> Century leaders and career creators.

In FY21 and FY22, to address the anticipated declines in revenues resulting from the COVID-19 pandemic, UH West O'ahu's action strategy was "cash preservation." This theme continues in FY23 despite the restoration of General Funds. UH West O'ahu is expecting an overall decrease in enrollment in FY23. Unfortunately, this decrease in enrollment and tuition revenue is coupled with an increase in expenditures due to a significant rise in inflation and projected additional fringe benefit costs due to the elimination of S397 - non-imposed Tuition and Fee Special Funds (TFSF). Accordingly, in FY23, UH West O'ahu will continue to utilize the streamlined and comprehensive review process for all personnel and position action requests, assess all operational costs to include only those deemed operationally necessary, and continue financial monitoring through monthly reporting and analyses. Additionally HEERF funds will be used to offset revenue losses and assist with FY23 operational costs.

Over the course of this fiscal year, UH West O'ahu will continue to explore and implement cost-saving measures to enhance our budget and wean the reliance placed on the S397 non-imposed TFSF. Additionally, UH West O'ahu will continually seek strategic opportunities to increase and diversify its revenue streams as the campus repositions itself both academically and financially for success in FY23 and beyond.

**BUDGET SUMMARY  
ALL FUNDS**

Revenues

Type of Fund	FY23 Projected	FY 22 Actual	FY23 Projected vs. FY22 Actual	%age
General Funds	\$20,766,813	\$18,809,118	\$1,957,695	10.4%
Tuition & Fees	\$16,724,824	\$17,681,743	(\$956,919)	-5.4%
RTRF	\$243,639	\$173,049	\$70,590	40.8%
Other Special Funds	\$130,900	\$122,501	\$8,399	6.9%
Other Revolving Funds	\$719,730	\$387,916	\$331,814	85.5%
Appropriated Federal Funds	\$100,000	\$96,649	\$3,351	3.5%
<b>Total Revenues</b>	<b>\$38,685,906</b>	<b>\$37,270,976</b>	<b>\$1,414,930</b>	<b>3.8%</b>

Type of Fund	FY 22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
General Funds	\$18,809,118	\$18,400,333	\$408,785	2.2%
Tuition & Fees	\$17,681,743	\$18,306,024	(\$624,821)	-3.4%
RTRF	\$173,049	\$195,390	(\$22,341)	-11.4%
Other Special Funds	\$122,501	\$43,260	\$79,241	183.2%
Other Revolving Funds	\$387,916	\$662,000	(\$274,084)	-41.4%
Appropriated Federal Funds	\$96,649	\$100,000	(\$3,351)	-3.4%
<b>Total Revenues</b>	<b>\$37,270,976</b>	<b>\$37,707,007</b>	<b>(\$436,031)</b>	<b>-1.2%</b>

Total FY23 revenues are projected to increase by 3.8% compared to FY22 actual revenues. The primary reason for the increase is 1) the restoration of General Funds reductions realized in FY23 by \$1.08 million; and 2) increases in collective bargaining in FY23. The increase in General Funds is offset by an expected decline in Tuition and Fee revenues of 5.4%. HEERF is anticipated to be used to cover lost revenues. Other revolving fund revenue is projected to increase due to student fees, as more students are expected to return to campus. Student fee rates are \$22/semester for distance learning and increase to \$120/semester for in-person.

Other Special Fund FY22 revenues exceeded FY22 projections by 183.2% as International Programs continue to return to pre-pandemic levels sooner than expected. Other Revolving Fund revenues fell short of projections in FY22 by 41.4%, as student fees did not meet expectations due to continued distance learning.

Expenditures

Expenditure Category	FY23 Budget	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
Regular Employee Payroll	\$22,488,587	\$20,539,235	\$1,949,352	9.5%
Lecturer Payroll	\$3,595,941	\$2,624,189	\$971,752	37.0%
Student Help Payroll	\$807,919	\$311,822	\$496,097	159.1%
Other Personnel	\$209,370	\$39,987	\$169,383	423.6%
<i>Subtotal Personnel</i>	<i>\$27,101,817</i>	<i>\$23,515,233</i>	<i>\$3,586,584</i>	<i>15.3%</i>
Utilities	\$2,100,000	\$1,533,356	\$566,644	37.0%
Scholarships, Tuition	\$2,530,000	\$2,100,349	\$429,651	20.5%
Other Operating Expenses	\$4,014,537	\$1,841,264	\$2,173,273	118.0%
<i>Subtotal Other</i>	<i>\$8,644,537</i>	<i>\$5,474,969</i>	<i>\$3,169,568</i>	<i>57.9%</i>
<b>Total Expenditures</b>	<b>\$35,746,354</b>	<b>\$28,990,202</b>	<b>\$6,756,152</b>	<b>23.3%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
Regular Employee Payroll	\$20,539,235	\$21,828,625	(\$1,289,390)	-5.9%
Lecturer Payroll	\$2,624,189	\$2,624,172	\$17	0%
Student Help Payroll	\$311,822	\$678,135	(\$366,313)	-54.0%
Other Personnel	\$39,987	\$276,575	(\$236,588)	-85.5%
<i>Subtotal Personnel</i>	<i>\$23,515,233</i>	<i>\$25,407,507</i>	<i>(\$1,892,274)</i>	<i>-7.4%</i>
Utilities	\$1,533,356	\$1,802,000	(\$268,644)	-14.9%
Scholarships, Tuition	\$2,100,349	\$2,430,000	(\$329,651)	-13.6%
Other Operating Expenses	\$1,841,264	\$4,322,098	(\$2,480,834)	-57.4%
<i>Subtotal Other</i>	<i>\$5,474,969</i>	<i>\$8,554,098</i>	<i>(\$3,079,129)</i>	<i>-36.0%</i>
<b>Total Expenditures</b>	<b>\$28,990,202</b>	<b>\$33,961,605</b>	<b>(\$4,971,403)</b>	<b>-14.6%</b>

Overall, expenditures in FY23 are projected to increase by 23.3% compared to FY22. Personnel increases are due to collective bargaining raises and an increase in fringe benefit costs resulting from the elimination of the S397 non-imposed TFSF. Increases in “Student Help Payroll” and “Other Personnel” is due primarily to anticipated campus re-opening and additional student support services/activities within the Office of Student Affairs. Utilities and other operating expenses are expected to increase due to campus re-opening and inflationary rates. Scholarships are expected to increase due to campus initiatives related to retention and enrollment.

In FY22, UH West O’ahu expended approximately \$5 million less than projected. Factors contributing to this savings included the continued review of purchase requests by the Chancellor for institutional funds to maximize cash preservation, utility savings realized due to the unanticipated decrease in campus facility usage, strategic use of federal relief funds, personnel savings realized due to the hiring freeze and strategic hiring, and an overall reduction in the level of activities on campus.

In compliance with EP6.204 Student Financial Assistance Program, UH West O’ahu budgeted \$2.43 million of its AY20-21 tuition revenue for student scholarships in FY22.

Although scholarships awarded in FY22 exceeded the amount allocated, not all students actually matriculated/enrolled; therefore, 13.6%, or \$329,651, was not used.

Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures)</b>	<b>FY23</b>
<b>(All Funds Summary)</b>	<b>Projected</b>
Net Operating Income	\$0
Beginning Balance	\$25,924,408
Ending Balance	\$25,924,408
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$3,425,741
Revised Ending Balance	\$22,498,667
Reserve Requirement (5% Minimum)	\$1,929,295
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$20,569,372</b>

UH West O’ahu is projecting an ending balance of \$20.6 million, sufficient to meet its 5% and 16% reserve requirements.

Other Reserve Requirements include contributions made pursuant to Executive Policy EP2.212, towards the repair and replacement reserve.

**TUITION AND FEES SPECIAL FUND**

Revenues

<b>FY23 Projected</b>	<b>FY22 Actual</b>	<b>FY23 Proj. vs. FY22 Actual</b>	<b>%age</b>
\$16,724,824	\$17,681,743	(\$956,919)	-5.4%

<b>FY22 Actual</b>	<b>FY22 Projected</b>	<b>FY22 Actual vs. FY22 Proj.</b>	<b>%age</b>
\$17,681,743	\$18,306,024	(\$624,821)	-3.4%

Tuition and fee revenues are projected to decline by 5.4% compared to FY22 actuals due to an anticipated decline in academic year enrollment by 6%. Summer session and Early College tuition revenue are expected to remain in alignment with FY22.

During FY22, tuition and fee revenues were 3.4% less than projections due to the decline in academic year enrollment by approximately 4%. This decline was slightly offset by summer session revenue, which increased by 11% compared to projections.

## Expenditures

Expenditure Category	FY23 Budget	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
Regular Employee Payroll	\$2,021,707	\$3,370,739	(\$1,349,032)	-40.0%
Lecturer Payroll	\$3,004,560	\$781,518	\$2,223,042	284.5%
Student Help Payroll	\$521,603	\$173,863	\$347,740	200.0%
Other Personnel	\$105,975	\$28,189	\$77,786	275.9%
<i>Subtotal Personnel</i>	<i>\$5,653,845</i>	<i>\$4,354,309</i>	<i>\$1,299,536</i>	<i>29.8%</i>
Utilities	\$2,100,000	\$1,488,886	\$611,114	41.0%
Scholarships, Tuition	\$0	\$0	\$0	
Other Operating Expenses	\$2,815,104	\$1,293,545	\$1,521,559	117.6%
<i>Subtotal Other</i>	<i>\$4,915,104</i>	<i>\$2,782,431</i>	<i>\$2,132,673</i>	<i>76.6%</i>
<b>Total Expenditures</b>	<b>\$10,568,949</b>	<b>\$7,136,740</b>	<b>\$3,432,209</b>	<b>48.1%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
Regular Employee Payroll	\$3,370,739	\$5,265,657	(\$1,894,916)	-36.0%
Lecturer Payroll	\$781,518	\$416,807	\$364,711	87.5%
Student Help Payroll	\$173,863	\$399,135	(\$225,272)	-56.4%
Other Personnel	\$28,189	\$91,575	(\$63,386)	-69.2%
<i>Subtotal Personnel</i>	<i>\$4,354,309</i>	<i>\$6,173,174</i>	<i>(\$1,818,865)</i>	<i>-29.5%</i>
Utilities	\$1,488,886	\$1,750,000	(\$261,114)	-14.9%
Scholarships, Tuition	\$0	\$0	\$0	
Other Operating Expenses	\$1,293,545	\$2,439,098	(\$1,145,553)	-47.0%
<i>Subtotal Other</i>	<i>\$2,782,431</i>	<i>\$4,189,098</i>	<i>(\$1,406,667)</i>	<i>-33.6%</i>
<b>Total Expenditures</b>	<b>\$7,136,740</b>	<b>\$10,362,272</b>	<b>(\$3,225,532)</b>	<b>-31.1%</b>

FY23 TFSF expenditures are projected to increase 48.1% or \$3.4 million over the actual amount expended in FY22. The increase in personnel expenditures is due to collective bargaining raises and an increase in fringe benefit costs due to the elimination of the S397 non-imposed TFSF. Increases in student help and other personnel are due primarily to campus re-opening and an expansion in student support services/activities within the Office of Student Affairs. Other expenditures increases are due primarily to campus re-opening and inflationary rate projections. The inflationary rate for utilities is estimated at 20% in FY23. Additionally, one-time repair and maintenance projects estimated at \$280,000 are expected to be incurred during FY23.

## Transfers

In FY23, UH West O'ahu will transfer approximately \$6.5 million, or 39% of its estimated tuition revenue, for debt service commitments (\$3.8 million), UH WEST O'AHU scholarships (\$2.5 million) per EP6.204, R&R reserve (\$100,000) per EP2.212, and various system assessments (~\$125,000).



Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures) (TFSF)</b>	<b>FY23 Projected</b>
Net Operating Income	\$0
Beginning Balance	\$19,410,151
Ending Balance	\$19,410,151
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$0
Revised Ending Balance	\$19,410,151
Reserve Requirement (5% Minimum)	\$1,874,582
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$17,535,569</b>

UH West O‘ahu is projecting an ending balance of \$19.4 million, sufficient to meet its 5% and 16% reserve requirements.

## Community Colleges

### Introduction

The University of Hawai'i Community Colleges (UH Community Colleges) 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 UH Community Colleges 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	FY23 Projected	FY 22 Actual	FY23 Projected vs. FY22 Actual	%age
General Funds	\$166,217,399	\$144,786,121	\$21,431,278	14.8%
Tuition & Fees	\$47,324,452	\$50,989,631	(\$3,665,179)	-7.2%
RTRF	\$1,501,403	\$1,501,403	\$0	0.0%
Other Special Funds	\$4,198	\$4,198	\$0	0.0%
Other Revolving Funds	\$17,153,785	\$17,928,447	(\$774,662)	-4.3%
Appropriated Federal Funds	\$2,222,977	\$2,276,781	(\$53,804)	-2.4%
<b>Total Revenues</b>	<b>\$234,424,214</b>	<b>\$217,486,581</b>	<b>\$16,937,633</b>	<b>7.8%</b>

Type of Fund	FY 22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
General Funds	\$144,786,121	\$154,051,412	(\$9,265,291)	-6.0%
Tuition & Fees	\$50,989,631	\$50,004,445	\$985,186	2.0%
RTRF	\$1,501,403	\$1,434,237	\$67,166	4.7%
Other Special Funds	\$4,198	\$7,217	(\$3,019)	-41.8%
Other Revolving Funds	\$17,928,447	\$17,471,856	\$456,591	2.6%
Appropriated Federal Funds	\$2,276,781	\$2,873,807	(\$597,026)	-20.8%
<b>Total Revenues</b>	<b>\$217,486,581</b>	<b>\$225,842,974</b>	<b>(\$8,356,393)</b>	<b>-3.7%</b>

Revenues for General Funds show an increase of \$21.4 million, or 14.8%, largely due to the FY22 actuals reflecting a \$10 million movement of General Fund allocation to Mānoa, and the FY23 Projections including augmentations for collective bargaining, restoration of a prior budget cut and legislative add-ons.

TFSF revenues are projected to decrease by \$3.7 million, or 7.2%. It is believed that community college students are more susceptible to the extraordinary economic strain created by the pandemic and that our students are more likely to put their education plans on hold to meet pressing familial obligations. The UH Community Colleges are continuing its efforts to remove as many financial barriers to attendance as possible, including re-strategizing the way

tuition-funded scholarships are awarded, providing additional Hawaii Promise scholarships, and disbursing HEERF funding for Student Aid.

Other Revolving Fund revenues show a decrease by 4.3% or \$774,662 due to a reduction in facilities use revenue. The FY23 projection does not include revenue collected in FY22 for COVID testing centers.

Expenses

Expenditure Category	FY23 Budget	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
Regular Employee Payroll	\$132,883,231	\$122,424,012	\$10,459,219	8.5%
Lecturer Payroll	\$21,977,692	\$21,165,389	\$812,303	3.8%
Student Help Payroll	\$2,388,983	\$1,800,935	\$588,048	32.7%
Other Personnel	\$1,228,714	\$1,049,314	\$179,400	17.1%
<i>Subtotal Personnel</i>	<i>\$158,478,620</i>	<i>\$146,439,650</i>	<i>\$12,038,970</i>	<i>8.2%</i>
Utilities	\$12,334,261	\$10,205,275	\$2,128,986	20.9%
Scholarships, Tuition	\$7,493,765	\$7,263,565	\$230,200	3.2%
Other Operating Expenses	\$59,268,717	\$23,246,435	\$36,022,282	155.0%
<i>Subtotal Other</i>	<i>\$79,096,743</i>	<i>\$40,715,275</i>	<i>\$38,381,468</i>	<i>94.3%</i>
<b>Total Expenditures</b>	<b>\$237,575,363</b>	<b>\$187,154,925</b>	<b>\$50,420,438</b>	<b>26.9%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
Regular Employee Payroll	\$122,424,012	\$140,696,178	(\$18,272,166)	-13.0%
Lecturer Payroll	\$21,165,389	\$26,352,590	(\$5,187,201)	-19.7%
Student Help Payroll	\$1,800,935	\$2,229,172	(\$428,237)	-19.2%
Other Personnel	\$1,049,314	\$1,252,189	(\$202,875)	-16.2%
<i>Subtotal Personnel</i>	<i>\$146,439,650</i>	<i>\$170,530,129</i>	<i>(\$24,090,479)</i>	<i>-14.1%</i>
Utilities	\$10,205,275	\$11,612,032	(\$1,406,757)	-12.1%
Scholarships, Tuition	\$7,263,565	\$7,310,728	\$(47,163)	-0.6%
Other Operating Expenses	\$23,246,435	\$38,617,634	(\$15,371,199)	-39.8%
<i>Subtotal Other</i>	<i>\$40,715,275</i>	<i>\$57,540,394</i>	<i>(\$16,825,119)</i>	<i>-29.2%</i>
<b>Total Expenditures</b>	<b>\$187,154,925</b>	<b>\$228,070,523</b>	<b>(\$40,915,598)</b>	<b>-17.9%</b>

The total FY23 budget reflects a 27% increase over FY22 actuals. Total payroll projections show an increase of \$12.0 million, or 8.2%, primarily due to filling regular positions that remained vacant during the pandemic. The Student Hires budget includes a \$588,048, or 33%, increase to provide students with additional opportunities to learn valuable job skills and contribute toward their educational expenses. Utility projections reflect an increase of \$2.1 million, or 21%, due to projected increases in oil prices that are anticipated drive up the cost of electricity. The Other Operating Expenses budget shows a significant increase of \$36 million, or 155%; however, \$25 million of this increase is due to the one-time cost buy-out of Power Purchase Agreements (PPAs) across the UH Community Colleges System. A PPA is a contract between a solar developer who builds, owns, and operates a solar power system and the user who agrees to purchase the electricity generated by the system. The one-time

investment will allow the Community Colleges to realize long-term energy savings. The increase in Other Operating Expenses also includes \$3.7 million in other one-time expenses related to repairs and maintenance and other improvements.

Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures) (All Funds Summary)</b>	<b>FY23 Projected</b>
Net Operating Income	\$0
Beginning Balance	\$139,132,761
Ending Balance	\$143,710,401
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$3,415,000
Revised Ending Balance	\$140,295,701
Reserve Requirement (5% Minimum)	\$11,441,349
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$128,854,352</b>

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 are required pursuant to Executive Policy EP2.212.

**TUITION AND FEES SPECIAL FUND**

Revenues

FY23 Projected	FY22 Actual	FY23 Proj. vs. FY22 Actual	%age
\$47,324,452	\$50,989,631	(\$3,665,179)	-7.2%

FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Proj.	%age
\$50,989,631	\$50,004,445	\$985,186	2.0%

TFSF revenues are projected to decrease by \$3.7 million, or 7.2%. Please refer to the TFSF portion of the All Fund Summary for additional information.

Expenditures

Expenditure Category	FY23 Budget	FY22 Actual	FY23 Projected vs. FY22 Actual	%age
Regular Employee Payroll	\$2,818,815	\$3,326,726	(\$507,911)	-15.3%
Lecturer Payroll	\$242,635	\$242,635	\$0	0.0%
Student Help Payroll	\$1,791,362	\$1,218,289	\$573,073	47.0%
Other Personnel	\$691,213	\$531,366	\$159,847	30.1%
<i>Subtotal Personnel</i>	<i>\$5,544,025</i>	<i>\$5,319,016</i>	<i>\$225,009</i>	<i>4.2%</i>
Utilities	\$3,948,854	\$3,016,030	\$932,824	30.9%
Scholarships, Tuition	\$5,556,610	\$5,326,610	\$230,000	4.3%
Other Operating Expenses	\$48,980,368	\$15,004,916	\$28,942,030	192.9%
<i>Subtotal Other</i>	<i>\$53,452,410</i>	<i>\$23,347,556</i>	<i>\$25,632,812</i>	<i>109.8%</i>
<b>Total Expenditures</b>	<b>\$54,524,393</b>	<b>\$28,666,572</b>	<b>\$25,857,821</b>	<b>105.8%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Projected	%age
Regular Employee Payroll	\$3,326,726	\$2,863,096	\$463,630	16.2%
Lecturer Payroll	\$242,635	\$5,144,213	(\$4,901,578)	-95.3%
Student Help Payroll	\$1,218,289	\$1,144,585	\$73,704	6.4%
Other Personnel	\$531,366	\$581,452	(\$50,086)	-8.6%
<i>Subtotal Personnel</i>	<i>\$5,319,016</i>	<i>\$9,733,346</i>	<i>(\$4,414,330)</i>	<i>-45.4%</i>
Utilities	\$3,016,030	\$4,559,391	(\$1,543,361)	-33.9%
Scholarships, Tuition	\$5,326,610	\$5,439,159	(\$112,549)	-2.1%
Other Operating Expenses	\$15,004,916	\$28,895,992	(\$13,891,076)	-48.1%
<i>Subtotal Other</i>	<i>\$23,347,556</i>	<i>\$38,894,542</i>	<i>(\$15,546,986)</i>	<i>-40.0%</i>
<b>Total Expenditures</b>	<b>\$28,666,572</b>	<b>\$48,627,888</b>	<b>(\$19,961,316)</b>	<b>-41.0%</b>

Net Operating Gain (Loss)

<b>Net Operating Income (including one-time expenditures) (TFSF)</b>	<b>FY23 Projected</b>
Net Operating Income	\$0
Beginning Balance	\$100,471,722
Ending Balance	\$98,559,630
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$2,593,000
Revised Ending Balance	\$95,966,630
Reserve Requirement (5% Minimum)	\$10,832,865
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$85,133,765</b>

Other Reserve Requirements include debt service payments for energy projects and new facilities that were financed using revenue bonds. It also includes contributions toward a repair and replacement reserve fund that are required pursuant to Executive Policy 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 University campuses to advance missions that promote distinctive pathways to excellence, differentially emphasize instruction, research, and service while contributing to a coherent response to the needs of a technologically advanced, globally competitive, and culturally diverse island state.

The System offices and programs are organized under the Board of Regents Office, President's Office, Vice President for Academic Strategy, 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 include 424 appropriated General Fund, 20 Special Fund, 4 Federal Fund, and 15 Revolving Fund permanent FullTime Equivalent (FTE) positions.

Acknowledging that Hawai'i will never be the same after the COVID-19 pandemic and that UH will need to pivot in a number of ways, the blueprint for change in "Post-Pandemic Hawai'i and the University of Hawai'i" has been the basis for our work over the past two years to reimagine our future. With almost 80% of Hawai'i's population vaccinated, and the COVID-19 threat receding, Hawai'i's economic recovery has resumed. In the 2022 Legislative session, these signs of Hawai'i's recovery led to the restoration of the System General Funds reduction of \$3.4 million and an additional \$1.6 million to fund Information Technology and Cybersecurity Workforce Development. The System operating budget will focus on continuing to provide streamlined, efficient core central functions that support all ten campuses while containing costs and positioning UH System funds towards strategic imperatives that are being developed and finalized by the end of the calendar year 2022.

**BUDGET SUMMARY  
ALL FUNDS**

Revenues

Type of Fund	FY23 Projected	FY22 Actual	FY23 Proj. vs. FY22 Actual	%age
General Funds	\$62,418,329	\$53,323,865	\$9,094,464	17.1%
Tuition & Fees	\$1,616,580	\$1,356,002	\$260,578	19.2%
RTRF	\$17,069,193	\$29,203,117	(\$12,133,924)	-41.6%
Other Special Funds	\$4,641,568	\$5,497,726	(\$856,158)	-15.6%
Other Revolving Funds	\$677,906	\$1,027,247	(\$349,341)	-34.0%
Appropriated Federal Funds	\$5,851,000	\$1,008,599	\$4,842,401	480.1%
<b>Total Revenues</b>	<b>\$92,274,576</b>	<b>\$91,416,556</b>	<b>\$858,020</b>	<b>0.9%</b>

Type of Fund	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Proj.	%age
General Funds	\$53,323,865	\$52,254,001	\$1,069,864	2.0%
Tuition & Fees	\$1,356,002	\$1,159,150	\$196,852	17.0%
RTRF	\$29,203,117	\$14,799,873	\$14,403,244	97.3%
Other Special Funds	\$5,497,726	\$4,500,773	\$996,953	22.2%
Other Revolving Funds	\$1,027,247	\$860,019	\$167,228	19.4%
Appropriated Federal Funds	\$1,008,599	\$656,000	\$352,599	53.7%
<b>Total Revenues</b>	<b>\$91,416,556</b>	<b>\$74,229,816</b>	<b>\$17,186,740</b>	<b>23.2%</b>

Total System revenue is projected to trend higher than last year across three sources of funds: the General, TFSF, and Appropriated Federal Funds. The General Funds increase is due to the restoration of the FY22 reduction, additional funds for Information Technology Services (ITS) and Cybersecurity and collective bargaining augmentation. For TFSF, interest income earned is projected to increase slightly with the increase in interest rates. The increase in appropriated federal funds is due to a change in the sub-recipient payment process to book the revenue and expense for the Carl Perkins funds through the University's financial system as recommended by our external auditors.

Other Special and Other Revolving Funds projections remain conservative due to the uncertainty of program revenues rebounding this year. The increase in FY22 RTRF revenue is mainly due to increased overhead income from federal relief funds such as HEERF and other COVID-19-related awards. RTRF revenue is projected to return to normal levels in FY23 as these funds end.

Expenditures



Expenditure Category	FY23 Projected	FY22 Actual	FY23 Proj. vs. FY22 Actual	%age
Regular Employee Payroll	\$44,834,844	\$43,611,718	\$1,223,126	2.8%
Lecturer Payroll	\$0	\$0	\$0	100.0%
Student Help Payroll	\$1,526,296	\$1,075,119	\$451,177	42.0%
Other Personnel	\$1,269,791	\$525,846	\$743,945	141.5%
<i>Subtotal Personnel</i>	<i>\$47,630,931</i>	<i>\$45,212,683</i>	<i>\$2,418,248</i>	<i>5.3%</i>
Utilities	\$1,474,575	\$1,620,425	(\$145,850)	-9.0%
Scholarships, Tuition	\$3,000,000	\$3,011,694	(\$11,694)	-0.4%
Other Operating Expenses	\$42,067,032	\$29,844,505	\$12,222,527	41.0%
<i>Subtotal Other</i>	<i>\$46,541,607</i>	<i>\$34,476,624</i>	<i>\$12,064,983</i>	<i>35.0%</i>
<b>Total Expenditures</b>	<b>\$94,172,538</b>	<b>\$79,689,307</b>	<b>\$14,483,231</b>	<b>18.2%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Proj.	%age
Regular Employee Payroll	\$43,611,718	\$44,662,503	(\$1,050,785)	-2.4%
Lecturer Payroll	\$0	\$0	\$0	100.0%
Student Help Payroll	\$1,075,119	\$923,141	\$151,978	16.5%
Other Personnel	\$525,846	\$1,393,543	(\$867,697)	-62.3%
<i>Subtotal Personnel</i>	<i>\$45,212,683</i>	<i>\$46,979,187</i>	<i>(\$1,766,504)</i>	<i>-3.8%</i>
Utilities	\$1,620,425	\$1,403,454	\$216,971	15.5%
Scholarships, Tuition	\$3,011,694	\$3,000,000	\$11,694	0.4%
Other Operating Expenses	\$29,844,505	\$31,498,669	(\$1,654,164)	-5.3%
<i>Subtotal Other</i>	<i>\$34,476,624</i>	<i>\$35,902,123</i>	<i>(\$1,425,499)</i>	<i>-4.0%</i>
<b>Total Expenditures</b>	<b>\$79,689,307</b>	<b>\$82,881,310</b>	<b>(\$3,192,003)</b>	<b>-3.9%</b>

Personnel costs are anticipated to increase for several reasons. First are the collective bargaining increases awarded in the past Legislative session. The other reasons are the additional funding for ITS and Cybersecurity Workforce Development and the reorganization of the STAR pathway unit from Mānoa to the System Information Technology.

The increase in Operating Expenses is directly related to the rise in revenues. Additional expenses are due to funding for the ITS and Cybersecurity Workforce Development of approximately \$460,000 and the change in the sub-recipient payment process to book the revenue and expense for appropriated federal funds of almost \$4.8 million. There is also a projected increase in RTRF expenses with the increased activity of extramural funds.

Net Operating Gain (Loss)

<b>Net Operating Income (All Funds)</b>	<b>FY23 Projected</b>
Net Operating Income	\$3,570,682
Beginning Balance	\$54,369,916
Ending Balance	\$57,940,598
Other Reserve Requirements (R&R, Debt service, and Other Commitments)	15,864,000
Revised Ending Balance	\$42,076,598
Reserve Requirement (5% Minimum)	\$3,803,072
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$38,273,526</b>

Net operating income is projected to be positive by continued diligence in keeping operating expenditures in check for this fiscal year and maximizing carryover cash balances to fund System strategic imperatives identified in the final University Strategic Plan. The System currently has well over the minimum reserve requirements at 45%. With the standard rule of thumb for businesses to have a cash buffer or three to six months of operating expenses, the equivalent reserves should be between 25%-50%. System reserves are necessary and critical to respond quickly to central services such as Information Technology’s ongoing needs, including investments in technology infrastructure, software licensing, and data security measures.

Other reserve requirements include \$1.5 million for IT building debt service, \$364,000 for Sinclair debt service, \$3 million for the University Foundation annual payment, \$5 million for the 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+ scholarships for the ensuing academic year, and \$1.5 million in Revenue Undertaking Fund by bond covenants.

**GENERAL FUNDS**

The UH System offices rely predominantly on General Funds for both salary and operating costs since the UH System does not have a student population and therefore does not have a supplement of tuition funds. Based on the current budget allocation from Budget and Finance and the restoration of the General Funds cut, System programs will be able to operate at levels closer to pre-pandemic.

Legislative appropriation for specific initiatives in the UH System budget will continue to be disseminated to the campuses. In FY23, 12.27% or \$7.7 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 \$1.45 million is managed by System, the scholarships directly support higher education options

for students at the campuses. Consequently, a total of 14.59% or \$9.11 million of the UH System's General Fund budget is spent by the UH campuses rather than the UH System operations.

General Fund Transfers	FY23 Budget	FY22 Actual	FY22 Budget vs. FY21 Actual	%age
Performance Funding	\$1,917,217	\$1,531,405	\$385,812	25.2%
B Plus Scholarships	\$3,000,000	\$3,000,000	\$0	0.0%
Workers Comp/UI	\$800,000	\$800,000	\$0	0.0%
Na Pua Noeau	\$322,242	\$322,242	\$0	0.0%
Student Affairs	\$187,000	\$187,000	\$0	0.0%
Academy for Creative Media	\$316,717	\$316,717	\$0	0.0%
Cybersecurity Workforce Development	\$1,115,000	\$0	\$1,115,000	100.0%
<i>Total Transfers</i>	<i>\$7,658,176</i>	<i>\$6,157,364</i>	<i>\$1,500,812</i>	<i>24.4%</i>
WICHE	\$1,447,465	\$1,442,734	\$0	0.0%
<b>Grand Total</b>	<b>\$9,105,641</b>	<b>\$7,600,098</b>	<b>\$1,500,812</b>	<b>19.7%</b>

#### TUITION AND FEES SPECIAL FUND

##### Revenues

FY23 Projected	FY22 Actual	FY23 Proj. vs. FY22 Actual	%age
\$1,616,580	\$1,356,002	\$260,578	19.2%

FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Proj.	%age
\$1,356,002	\$1,159,150	\$196,852	17.0%

TFSF revenues in System are not from student tuition. Instead, revenue is gained through fees from Late Registration, the Tuition payment plan, interest income, and applications for using of UH facilities for commercial filming. FY23 interest income projections are anticipated to increase slightly due to the rising interest rates.

Expenditures

Expenditure Category	FY23 Projected	FY22 Actual	FY23 Proj. vs. FY22 Actual	%age
Regular Employee Payroll	\$690,741	\$989,181	(\$298,440)	-30.2%
Lecturer Payroll	\$0	\$0	\$0	0.0%
Student Help Payroll	\$0	\$0	\$0	0.0%
Other Personnel	\$0	\$102,529	(\$102,529)	0.0%
<i>Subtotal Personnel</i>	<i>\$690,741</i>	<i>\$1,091,710</i>	<i>(\$400,969)</i>	<i>-36.7%</i>
Utilities	\$123,256	\$47,683	\$75,573	158.5%
Scholarships, Tuition		\$0	\$0	0.0%
Other Operating Expenses	\$5,577,647	\$3,965,758	\$1,611,889	40.6%
<i>Subtotal Other</i>	<i>\$5,700,903</i>	<i>\$4,013,441</i>	<i>\$1,687,462</i>	<i>42.0%</i>
<b>Total Expenditures</b>	<b>\$6,391,644</b>	<b>\$5,105,151</b>	<b>\$1,286,493</b>	<b>25.2%</b>

Expenditure Category	FY22 Actual	FY22 Projected	FY22 Actual vs. FY22 Proj.	%age
Regular Employee Payroll	\$989,181	\$238,052	\$751,129	315.5%
Lecturer Payroll	\$0	\$0	\$0	0.0%
Student Help Payroll	\$0	\$0	\$0	0.0%
Other Personnel	\$102,529	\$116,470	(\$13,941)	-12.0%
<i>Subtotal Personnel</i>	<i>\$1,091,710</i>	<i>\$354,522</i>	<i>\$737,188</i>	<i>207.9%</i>
Utilities	\$47,683	\$17,832	\$29,851	167.4%
Scholarships, Tuition	\$0	\$0	\$0	0.0%
Other Operating Expenses	\$3,965,758	\$6,142,572	(\$2,176,814)	-35.4%
<i>Subtotal Other</i>	<i>\$4,013,441</i>	<i>\$6,160,404</i>	<i>(\$2,146,963)</i>	<i>-34.9%</i>
<b>Total Expenditures</b>	<b>\$5,105,151</b>	<b>\$6,514,926</b>	<b>(\$1,409,775)</b>	<b>-21.6%</b>

FY23 personnel expense is projected to be lower due to not filling vacated positions and a reduction on student help on TFSF funds. Programs will continue to practice essential operating spending to preserve cash reserves for the years ahead.

Net Operating Income

<b>Net Operating Income (TFSF)</b>	<b>FY23 Projected</b>
Net Operating Income	\$2,586,782
Beginning Balance	\$24,449,951
Ending Balance	\$27,036,733
Other Reserve Requirements (IT debt service, UHF payment)	\$4,500,000
Revised Ending Balance	\$22,536,733
Reserve Requirement (5% Minimum)	\$2,732,834
<b>Balance Above Minimum Reserve After Adjustments</b>	<b>\$19,803,899</b>

**RESERVES**

In 2015, the Legislature passed Act 236, which annually requires monies from each campus's TFSF to lapse to the credit of the UH System. All campuses now have reached the minimum reserves required by Board policy, which UH System holds. As a result, the UH System begins FY23 with campus reserves of \$41.3 million.

Systemwide reserves can address unforeseen expenses in the year and allow funding of strategic initiatives. These reserves are in line standard rule of thumb for businesses is to have a cash buffer or three to six months of operating expenses which is between 25% - 50%. Systemwide reserves are well above the minimum reserve requirement at 32.48%.