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# University of Hawai'i Operating Budget for Fiscal Year 2024-2025

September 5, 2024

Committee on Institutional Success



# Overview

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- Revenues are projected to increase by 3.1% to \$1.27 billion. General Funds increasing by \$34.1 million (5.7%) primarily due to collective bargaining increases.
- Expenditures are projected to increase by \$190.5 million (16.8%) primarily due to collective bargaining increases, filling vacant positions, fringe costs, utilities, and overall inflation. This increase also includes \$98.6 million in one-time expenditures.
- Net Operating (Revenues less Expenditures) across all funds is projected to show a \$56.2 million shortfall. Without the one-time expenditures (\$98.6 million), there would be a Net Operating Gain of \$42.4 million.
- Fund balances are expected to remain healthy at over \$729 million across all funds. Balances may be necessary in future fiscal years.



# Assumptions

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- 10% General Fund restriction (5% “hard” restriction and 5% contingency restriction) as in prior years
- Conservative enrollment estimates
- Increased Utilities costs
- Lifting of hiring freeze
- Funding already agreed upon collective bargaining increases
- Temporary Hazard Pay for HGEA employees in FY25 in multiple fund types



# 2023-2029 Strategic Plan

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- **Five Foundational Principles**

- Hawaiian Place of Learning
- Statewide Need
- Diversity and Equity
- Sustainability
- Stewardship of Resources

- **Four Strategic Imperatives**

- Fulfill kuleana to Native Hawaiians and Hawai'i;
- Develop successful students for a better future;
- Meet Hawai'i's workforce needs of today and tomorrow; and
- Diversify Hawai'i's economy through UH innovation and research.



# 2023-2029 Strategic Plan

(continued)

- This spending plan continues the efforts to invest UH's resources in alignment with the four Strategic Imperatives.
- Outside of the Strategic Imperatives are also core foundational costs that are necessary to allow programs to focus on the Strategic Imperatives. These costs include, but are not limited to:
  - Utilities (electricity, sewer, water, and communications)
  - Facilities maintenance (janitorial, groundskeeping, security, etc.)
  - Debt service
  - Business offices
  - Information Technology



# Total FY25 Operating Budget Proposal

Revenues	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 314,353,667	\$ 49,715,895	\$ 22,044,976	\$ 185,438,848	\$ 64,470,008	\$ 636,023,394
TFSF	\$ 253,012,081	\$ 24,203,074	\$ 16,636,291	\$ 51,581,001	\$ 15,453,500	\$ 360,885,947
RTRF	\$ 42,000,000	\$ 2,510,783	\$ 521,449	\$ 1,370,847	\$ 18,250,000	\$ 64,653,079
Other Special Funds	\$ 133,619,030	\$ 11,627,446	\$ 438,711	\$ 85,460	\$ 5,164,158	\$ 150,934,805
Other Revolving Funds	\$ 19,625,357	\$ 2,026,097	\$ 963,292	\$ 21,537,298	\$ 1,015,657	\$ 45,167,701
Appropriated Federal	\$ 4,664,495	\$ 291,557	\$ 112,323	\$ 3,875,565	\$ 3,867,000	\$ 12,810,940
<b>Total</b>	<b>\$ 767,274,630</b>	<b>\$ 90,374,852</b>	<b>\$ 40,717,041</b>	<b>\$ 263,889,019</b>	<b>\$ 108,220,323</b>	<b>\$ 1,270,475,866</b>

Expenditures + Xfers	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 314,353,668	\$ 49,715,895	\$ 22,044,976	\$ 185,438,848	\$ 64,470,008	\$ 636,023,395
TFSF	\$ 300,553,012	\$ 31,136,574	\$ 17,064,024	\$ 54,298,321	\$ 7,637,161	\$ 410,689,092
RTRF	\$ 36,327,544	\$ 3,101,789	\$ 828,083	\$ 1,459,534	\$ 21,211,855	\$ 62,928,805
Other Special Funds	\$ 139,618,372	\$ 12,914,945	\$ 367,856	\$ 45,176	\$ 6,452,470	\$ 159,398,819
Other Revolving Funds	\$ 24,746,540	\$ 3,073,627	\$ 1,085,576	\$ 15,712,381	\$ 461,141	\$ 45,079,265
Appropriated Federal	\$ 4,664,495	\$ 291,557	\$ 112,323	\$ 3,875,565	\$ 3,867,000	\$ 12,810,940
<b>Total</b>	<b>\$ 820,263,631</b>	<b>\$ 100,234,387</b>	<b>\$ 41,502,838</b>	<b>\$ 260,829,825</b>	<b>\$ 104,099,635</b>	<b>\$ 1,326,930,316</b>



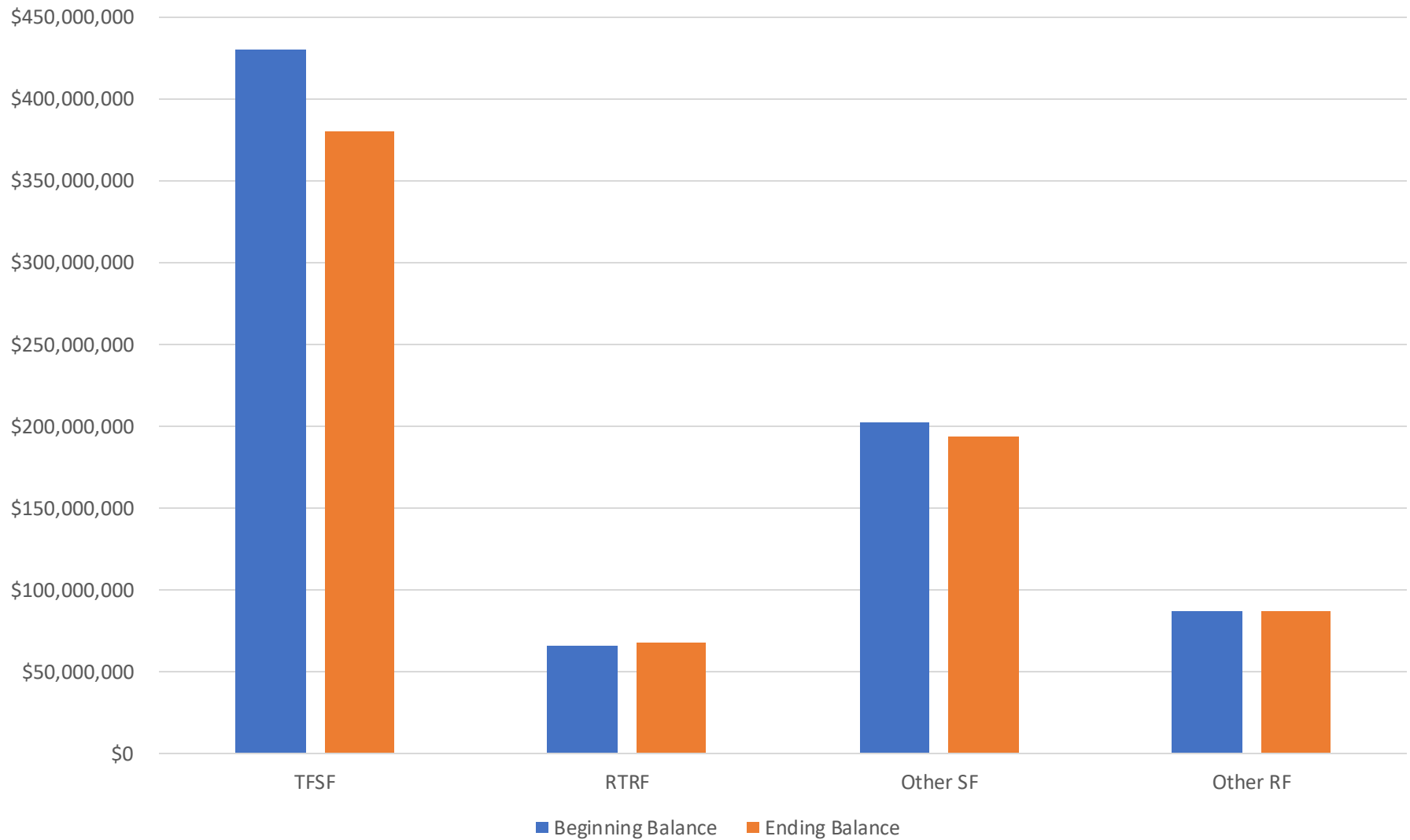
# Reserve Balances and Net Operating Income

	TFSF	RTRF	Other SF	Other RF	Fed Funds	Total
Beginning Balance	\$430,118,111	\$66,058,567	\$202,643,366	\$87,145,747	(\$466,878)	\$785,498,913
Rev less Exp	\$22,812,299	\$2,598,684	\$9,528,819	\$4,915,425	\$307,294	\$42,411,159
One-Time Exp	\$72,615,443	\$874,410	\$17,992,833	\$4,826,989	\$16,347	\$98,574,661
Ending Balance	\$380,314,967	\$67,782,841	\$194,179,352	\$87,234,183	(\$175,931)	\$729,335,412

- Total Net Operating Income (Revenues less Expenditures) reflects net positive activity of \$42.4 million. However, this is offset in FY25 by one-time expenditures totaling \$98.6 million.
- The net result is a \$56.2 million decrease in fund balances.
- Fund balances in aggregate are above \$729 million.



# Fund Balances: Beginning and Forecasted Ending, FY25







# FY25 Budget vs. FY24 Actual

Type of Fund	Revenues			Expenditures & Net Transfers			Rev less Exp/Trf	
	FY25 Proj.	FY24 Act.	Diff	FY25 Proj.	FY24 Act.	Diff	FY25 Proj.	FY24 Act.
General Fund	636.0	601.9	34.1	636.0	601.2	34.8	(0.0)	0.7
Tuition & Fees	360.9	356.2	4.7	410.7	313.6	97.1	(49.8)	42.7
RTRF	64.7	75.2	(10.6)	62.9	58.1	4.8	1.7	17.1
Other Special Funds	150.9	143.1	7.8	159.4	115.7	43.7	(8.5)	27.4
Other Revolving Funds	45.2	43.7	1.5	45.1	35.2	9.9	0.1	8.5
Appropriated Fed Funds	12.8	12.3	0.5	12.5	12.3	0.2	0.3	-
<b>Total</b>	<b>1,270.5</b>	<b>1,232.0</b>	<b>38.5</b>	<b>1,326.6</b>	<b>1,136.1</b>	<b>190.5</b>	<b>(56.2)</b>	<b>96.4</b>

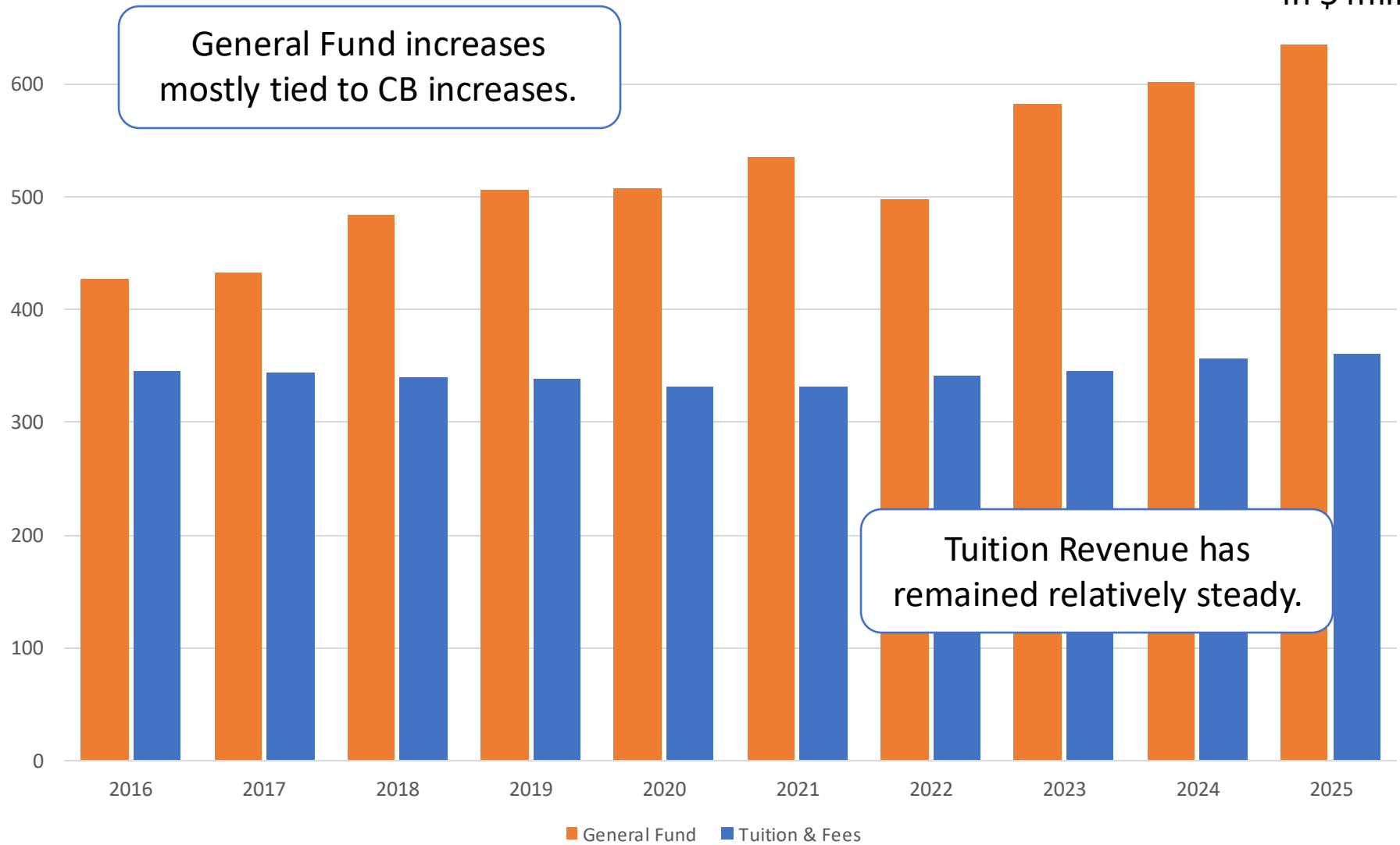
*in \$ millions*

- FY25 General Fund Revenues are higher than FY24 due primarily to collective bargaining.
- Overall spending is increased because of lifting of the hiring freeze, return to on-campus activity, and one-time investments.
- FY25 is projected to show a \$56.2 million shortfall across all funds, as compared to the \$96.4 million gain from FY24.



# General Fund and TFSF Revenues for FY16-FY25

in \$ millions





# Mānoa

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 314,353,668	\$ 253,012,081	\$ 42,000,000	\$ 133,619,030	\$ 19,625,357	\$ 4,664,495	\$ 767,274,631
Expenditures	\$ 314,353,668	\$ 258,952,462	\$ 39,155,466	\$ 194,298,147	\$ 23,157,563	\$ 4,373,548	\$ 834,290,854
Net Transfers	\$ -	\$ 41,600,550	\$ (2,827,922)	\$ (54,679,775)	\$ 1,588,977	\$ -	\$ (14,318,170)
Rev less Exp/Trf	\$ -	\$ 5,563,842	\$ 5,672,456	\$ 8,737,045	\$ (2,028,766)	\$ 290,947	\$ 18,235,524
One-Time Exp		\$ 53,104,773	\$ -	\$ 14,736,387	\$ 3,092,417	\$ -	\$ 70,933,577

- Auxiliary units have largely returned to pre-pandemic levels of activity.
- Non-general fund payroll increases partially due to fringe benefit costs as a result of cessation of S397.
- One-time Expenditures include:
  - Increasing scope of Snyder Hall replacement project
  - Additional costs for new Student Success Center (Sinclair Hall)
  - Continued progress on Ching Field expansion



# Hilo

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 49,715,895	\$ 24,203,074	\$ 2,510,783	\$ 11,627,446	\$ 2,026,097	\$ 291,557	\$ 90,374,852
Expenditures	\$ 49,152,841	\$ 23,166,580	\$ 3,062,889	\$ 18,458,269	\$ 3,073,627	\$ 291,557	\$ 97,205,763
Net Transfers	\$ 563,054	\$ 7,969,994	\$ 38,900	\$ (5,543,324)	\$ -	\$ -	\$ 3,028,624
Rev less Exp/Trf	\$ -	\$ -	\$ (574,659)	\$ 1,016,847	\$ 16,648	\$ -	\$ 458,836
One-Time Exp	\$ -	\$ 6,933,500	\$ 16,347	\$ 2,304,346	\$ 1,064,178	\$ -	\$ 10,318,371

- Overall revenues are projected to increase by \$1.6 million (1.8%) as compared to FY24.
- \$10.3 million to be spent on new and continuing Initiatives:
  - ‘Āina- and community- based education will bring students and employees to different communities across the island
  - Upgrade, repair, or replace classroom and network equipment and furnishings in residence halls, dining facilities, campus center, and various other buildings
  - Library, tutoring, advising, and counseling services



# West O'ahu

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 22,044,976	\$ 16,636,291	\$ 521,449	\$ 438,711	\$ 963,292	\$ 112,323	\$ 40,717,042
Expenditures	\$ 22,341,029	\$ 10,815,173	\$ 828,083	\$ 2,637,826	\$ 1,085,576	\$ 112,323	\$ 37,820,010
Net Transfers	\$ (296,053)	\$ 6,248,851	\$ -	\$ (2,269,970)	\$ -	\$ -	\$ 3,682,828
Rev less Exp/Trf	\$ -	\$ (363,733)	\$ 77,366	\$ 70,855	\$ 226,716	\$ -	\$ 11,203
One-Time Exp	\$ -	\$ 64,000	\$ 384,000	\$ -	\$ 349,000	\$ -	\$ 797,000

- Revenues show a slight decline of \$783,646 (1.9%) mostly due to RTRF decreasing as a result of the expiration of HEERF moneys.
- Expenditures are increasing by \$4.3 million (13.0%) primarily due to increased personnel costs (pay raises, increased fringe, and temporary hazard pay).
- Continued investments in Workforce Development:
  - Pre-nursing program in partnership with Mānoa
  - Teacher preparation (early childhood through secondary)
  - Amazon Career Choice Program



# Community Colleges

	General Fund	TF SF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 185,438,848	\$ 51,581,001	\$ 1,370,847	\$ 85,460	\$ 21,537,298	\$ 3,875,565	\$ 263,889,019
Expenditures	\$ 186,326,273	\$ 48,484,003	\$ 1,725,014	\$ 45,176	\$ 15,718,322	\$ 3,875,565	\$ 256,174,353
Net Transfers	\$ (887,425)	\$ 5,814,318	\$ (265,480)	\$ -	\$ (5,941)	\$ -	\$ 4,655,472
Rev less Exp/Trf	\$ 2,248,639	\$ 6,778,500	\$ 385,376	\$ 40,284	\$ 6,119,163	\$ 16,347	\$ 15,588,309
One-Time Exp	\$ 2,248,639	\$ 9,495,820	\$ 474,063	\$ -	\$ 294,246	\$ 16,347	\$ 12,529,115

- Increased General Fund appropriation largely due to collective bargaining increases and legislative adjustments.
- Higher personnel costs due to collective bargaining increases as well as the filling of vacant positions, in addition to increasing student help payroll.
- Increase in scholarship expenditures due to additional funding provided for Hawai`i Promise.
- Increased Other Operating Expenses for campus R&M projects.



# Systemwide Administration

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 64,470,008	\$ 15,453,500	\$ 18,250,000	\$ 5,164,158	\$ 1,015,657	\$ 3,867,000	\$ 108,220,323
Expenditures	\$ 59,118,366	\$ 14,816,131	\$ 18,895,855	\$ 11,051,070	\$ 1,053,791	\$ 3,867,000	\$ 108,802,213
Net Transfers	\$ 5,351,642	\$ (7,178,970)	\$ 2,316,000	\$ (4,598,600)	\$ (592,650)	\$ -	\$ (4,702,578)
Rev less Exp/Trf	\$ -	\$ 10,833,689	\$ (2,961,855)	\$ (336,212)	\$ 581,664	\$ -	\$ 8,117,286
One-Time Exp	\$ -	\$ 3,017,350	\$ -	\$ 952,100	\$ 27,148	\$ -	\$ 3,996,598

- RTRF Revenue is projected to decrease by \$4.5 million (20%) primarily due to decreased overhead income from federal coronavirus response funds.
- Six new General Fund positions for Mental Health services will be deployed at campuses.



# Next Steps

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- Review and Acceptance today, pursuant to Committee input
- Review and Acceptance by full Board at its September 19<sup>th</sup> meeting
- Quarterly Financial Reports to monitor revenues and expenditures
- Presentation of Multi-Year Financial Forecast later in this agenda