



Fiscal Year 2024-2025 Operating Budget

September 2024

Introduction and Context

University of Hawai'i (UH) Board of Regents (BOR) Policy 8.204 III.C.1.a., provides that the BOR would approve an annual operating expenditure plan. The following material represents the proposed fiscal year 2024-25 (FY25) operating expenditure plan for all campuses, including operations of System administration. For FY25, UH continues to implement its Strategic Plan for 2023-2029, which was approved by the BOR at its November 17, 2022 meeting. The Strategic Plan is based on five foundational principles and prioritizes four imperatives.

The four imperatives are:

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

These actionable imperatives form the heart of the Strategic Plan, with specific goals, objectives, and metrics and are based on five foundational principles:

1. Hawaiian Place of Learning
2. Statewide Need
3. Diversity and Equity
4. Sustainability
5. Stewardship of Resources

The UH depends on State General Funds for approximately 50% of its operating budget and tuition and fees revenue accounts for another 28%. The Research and Training Revolving Fund (RTRF) is the next largest single component of UH's budget with auxiliary units (i.e., food services, housing, facilities rentals, etc.) making up the balance. This spending plan does not incorporate the extramural funding that the UH receives, which typically have specific restrictions on expenditures.

The expenditure plan is based on the information that is currently available and assumes that there will be a 10% restriction of UH's General Fund appropriations, although official budget execution instructions were not available at the time that this spending plan was being prepared. In recent years, this restriction was made up of a 5% "hard" restriction and a 5% contingency restriction, which may be lifted later in the fiscal year, depending on State General Fund revenues. Previously approved collective bargaining increases of 5% for the current fiscal year are incorporated in this spending plan. Additional assumptions regarding enrollment, utilities costs, and other factors were also included. UH Administration will provide quarterly updates comparing this spending plan with actual revenues and expenditures throughout the year.

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OVERVIEW

In aggregate across the entire UH system, the FY25 projected operating budget is forecast to include \$1.27 billion in revenues against \$1.33 billion in expenditures and transfers. As a result, a net fiscal operating loss of \$56.2 million is projected across all fund types for FY25. However, this loss includes \$98.6 million in one-time expenditures. If those one-time expenditures are excluded, UH is projecting a \$42.4 million operating gain across all funds.

The revenue projection is relatively flat with a mixture of increases and decreases among the different fund types. In aggregate, FY25 revenues are projected to increase by \$37.9 million, or 3.1%, as compared to FY24.

The General Fund appropriation was increased mostly as a result of the inclusion of previously agreed upon collective bargaining increases. Tuition and Fees Special Fund (TFSF) revenues are projected to slightly increase by \$4.7 million, or 1.3%, as compared to FY24 collections. Enrollment is conservatively projected to remain relatively stable across UH campuses. RTRF revenues are projected to decrease by \$10.6 million, or 14.1%, primarily due to reduced indirect costs collection as a result of the expiration of federal coronavirus response grants.

FY25 expenditures are projected to increase by \$190.5 million, or 16.8%, as compared to FY24 actual expenditures, primarily due to several factors: one-time investments aligned with the Strategic Imperatives, collective bargaining increases, filling of vacant positions, and higher utilities and other costs as a result of inflation as well as increased utilization of on-campus resources.

Fund balances are currently healthy with FY25 ending balances projected to total over \$729 million, even after the projected \$56.2 million loss for the fiscal year. It is important to remember, however, that there are reserve requirements on many of these funds, and these fund balances may be used for investments to support the Strategic Imperatives and may be necessary to account for unforeseen downside risk, as evidenced by recent events.

BUDGET HIGHLIGHTS BY CAMPUS

Mānoa

Across all funds, UH Mānoa is projecting \$767.3 million in revenues against expenditures and transfers totaling \$820.0 million. These expenditures include \$70.9 million in non-recurring one-time costs. Some of these one-time costs include:

- Snyder Hall replacement project;
- Student Success Center (Sinclair); and
- Ching Field expansion.

TFSF funds will also be used to support strategic investments in new initiatives with a high potential for return on investment. These include start-up investments in the Health Sciences Institute, in the Office of Global Engagement, and in support of positions dedicated to extramural award development.

Hilo

UH Hilo is projecting \$90.4 million in revenues against expenditures and transfers totaling \$100.2 million. UH Hilo's plans include \$10.3 million in one-time investments including \$4.8 million to upgrade, repair or replace furniture, equipment, and furnishings in various residence halls, dining facilities, and other buildings across campus. These will also be used for continued support for educational programs with a focus on 'āina-based education and science and for library, tutoring, advising and counseling services for students to achieve academic success and persist in their academic journey.

West O'ahu

UH West O'ahu (UHWO) is projecting \$40.7 million in revenues and \$41.5 million in expenditures and transfers. UHWO will continue its investments in Workforce Development, such as:

- Pre-nursing program in partnership with the Nancy Atmospera-Walch School of Nursing (NAWSON) at Mānoa;
- early childhood education through secondary teacher-preparation; and
- the Amazon Career Choice Program, which is a catalyst for the growth of our online adult education outreach efforts.

Community Colleges

The University of Hawai'i Community Colleges (UHCC) are projecting total revenues of \$263.9 million and \$260.8 million in expenditures and net transfers. Of this amount, \$10.8 million is planned for one-time expenditures for campus repairs and maintenance (R&M) projects.

The UHCCs are also developing a pilot project to reduce the higher summer tuition fees in Summer 2025 to match the regular semester tuition rate for eligible students with the hopes of increasing retention and momentum to completion.

The UHCCs will also be allocating funding for professional development, stipends for faculty discussions, and other activities in an effort to increase the number of students transferring from a UH two-year program to a UH four-year program.

Finally, with support from the Legislature, the UHCCs are institutionalizing the Good Jobs Hawai'i (GJH) program that is currently funded by three grants. This program focuses on short-term credit and non-credit training in high demand workforce fields to assist students with moving into higher paying jobs. The training courses are offered by the seven community colleges, and students are offered financial support, so the course tuition is free for the student.

Systemwide Administration

UH Systemwide Administration (System) funding is used for UH-wide services (e.g., business office and information technology), programs, and strategies. For FY25, Systemwide Administration will operate with approximately \$108.2 million in revenues and more than \$104.1 million in expenditures and transfers to provide services for all campuses and funding for strategic initiatives.

Among the efforts to support campus operations, a new online learning management system-Lamakū (by D2L/Brightspace) is set to replace Laulima (Sakai) in the upcoming academic year. To help to fulfill our kuleana to Native Hawaiians and Hawai'i, a Director for the office Hawai'i Papa O Ke Ao (HPOKA) under the President was created and filled. Finally, System will be hiring a Director of Workforce Development to help facilitate systemwide initiatives around workforce development.

SYSTEMWIDE REVENUES

Type of Fund	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
General Funds	\$636,023,395	\$601,940,938	\$34,082,457	5.7%
Tuition & Fees	\$360,885,947	\$356,208,100	\$4,677,847	1.3%
RTRF	\$64,653,079	\$75,222,749	(\$10,569,670)	-14.1%
Other Special Funds	\$150,934,805	\$143,137,979	\$7,796,826	5.4%
Other Revolving Funds	\$45,167,701	\$43,678,422	\$1,489,279	3.4%
Appropriated Federal Funds	\$12,810,940	\$12,347,962	\$462,978	3.7%
Total Revenues	\$1,270,475,867	\$1,231,983,770	\$38,492,097	3.1%

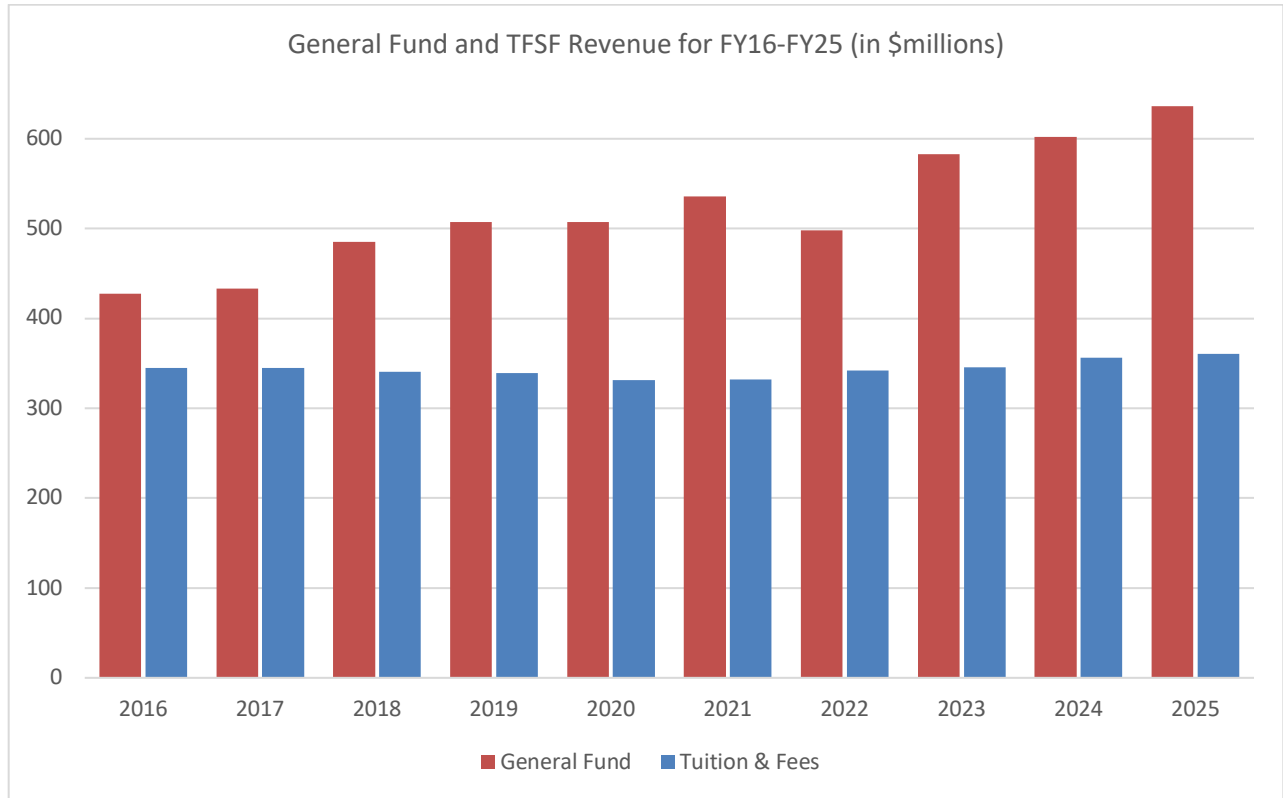
Type of Fund	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
General Funds	\$601,940,938	\$597,862,471	\$4,078,467	0.7%
Tuition & Fees	\$356,208,100	\$343,130,791	\$13,077,309	3.8%
RTRF	\$75,222,749	\$69,249,965	\$5,972,784	8.6%
Other Special Funds	\$143,137,979	\$123,506,384	\$19,631,595	15.9%
Other Revolving Funds	\$43,678,422	\$40,621,186	\$3,057,236	7.5%
Appropriated Federal Funds	\$12,347,962	\$12,350,535	(\$2,573)	-0.0%
Total Revenues	\$1,232,536,150	\$1,186,721,332	\$44,031,288	3.7%

Compared to FY24 actual revenues, FY25 revenues are projected to increase by \$38.5 million, or 3.1%. Most fund types are increasing, with the exception of RTRF as revenues are projected to decline as a result of the expiration of federal coronavirus response funds, resulting in lower indirect costs collection.

The General Fund increase includes funding for scheduled collectively bargained pay raises and restoration to pre-pandemic levels of the State’s General Fund support to UH in addition to a few new initiatives which were approved by the Legislature during the 2024 Session, including Extension Agents at the College of Tropical Agriculture and Human Resources (CTAHR), neighbor island health access and pathway extension at the John A. Burns School of Medicine (JABSOM), Master’s in Counseling Psychology and Teacher Education programs at Hilo, early childhood education at UHWO, the statewide access master plan at the Community Colleges, and mental health services positions appropriated at Systemwide Administration that will be deployed to serve all of UH.

Historic Revenues for General Fund and Tuition

The following chart shows historic revenues for the past nine years (FY16 through FY24) and projected revenues for FY25 for the General Fund and TFSF:



While tuition revenue has remained relatively steady, General Fund appropriations have increased, with the exception of FY22 as a result of the COVID-19 pandemic. However, the bulk of the General Fund growth is due to collective bargaining increases rather than new programs.

SYSTEMWIDE EXPENDITURES

Expenditures and Transfers by Fund Type

Expenditures and Transfers	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
General Funds	\$636,023,395	\$601,232,434	\$34,790,961	5.8%
Tuition & Fees	\$410,689,092	\$313,555,004	\$97,134,088	31.0%
RTRF	\$62,928,805	\$58,132,220	\$4,796,585	8.3%
Other Special Funds	\$159,398,819	\$115,723,156	\$43,675,663	37.7%
Other Revolving Funds	\$45,079,265	\$35,179,707	\$9,899,558	28.1%
Appropriated Federal Funds	\$12,519,993	\$12,347,962	\$172,031	1.4%
Total Expenditures	\$1,326,639,369	\$1,136,170,483	\$190,468,886	16.8%

Expenditures and Transfers	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
General Funds	\$601,232,434	\$597,862,471	\$3,369,963	0.6%
Tuition & Fees	\$313,555,004	\$426,878,062	(\$113,323,058)	-36.1%
RTRF	\$58,132,220	\$54,558,772	\$3,573,448	6.1%
Other Special Funds	\$115,723,156	\$111,006,685	\$4,716,471	4.1%
Other Revolving Funds	\$35,179,707	\$41,231,553	(\$6,051,846)	-17.2%
Appropriated Federal Funds	\$12,347,962	\$12,323,291	\$24,671	0.2%
Total Expenditures	\$1,136,170,483	\$1,243,860,834	(\$107,690,351)	-9.5%

Expenditures for FY25 are projected to increase by \$190.5 million, or 16.8%, as compared to actual FY24 expenditures. The increase is largely due to increased personnel costs, higher utilities costs, and one-time investments. Higher personnel costs are a result of the lifting of the hiring freeze, pay raises, and increased fringe costs. Utilities costs are projected to increase because of higher rates and increased utilization. Finally, one-time expenditures total \$98.6 million across all campuses which will be used for R&M of existing buildings, construction of a few new facilities, or pilot projects or temporary continuation of ongoing programs.

The following table breaks out expenditures by category. Because of transfers, these numbers do not match the previous table that reported expenditures and transfers by fund type.

Expenditure Category	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
Regular Employee Payroll	\$760,245,283	\$660,245,963	\$99,999,320	15.1%
Lecturer Payroll	\$41,179,572	\$43,800,500	(\$2,620,928)	-6.0%
Student Help Payroll	\$20,984,567	\$20,367,517	\$617,050	3.0%
Other Personnel	\$15,620,388	\$10,082,236	\$5,538,152	54.9%
<i>Subtotal Personnel</i>	<i>\$838,029,810</i>	<i>\$734,496,216</i>	<i>\$103,533,594</i>	<i>14.1%</i>
Utilities	\$79,949,056	\$72,776,645	\$7,172,411	9.9%
Scholarships, Tuition	\$70,064,826	\$66,593,000	\$3,471,826	5.2%
Other Operating Expenses	\$346,249,500	\$244,481,754	\$101,767,746	41.6%
<i>Subtotal Other</i>	<i>\$496,263,382</i>	<i>\$383,851,399</i>	<i>\$112,411,983</i>	<i>29.3%</i>
Total Expenditures	\$1,334,293,192	\$1,118,347,615	\$215,945,577	16.2%

Expenditure Category	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
Regular Employee Payroll	\$660,245,963	\$681,237,073	(\$20,991,110)	-3.1%
Lecturer Payroll	\$43,800,500	\$43,823,446	(\$22,946)	-0.1%
Student Help Payroll	\$20,367,517	\$19,423,098	\$944,419	4.9%
Other Personnel	\$10,082,236	\$11,255,433	(\$1,173,197)	-10.4%
<i>Subtotal Personnel</i>	<i>\$734,496,216</i>	<i>\$755,739,050</i>	<i>(\$21,242,834)</i>	<i>-2.8%</i>
Utilities	\$72,776,645	\$86,327,186	(\$13,550,541)	-15.7%
Scholarships, Tuition	\$66,593,000	\$66,621,725	(\$28,725)	0.0%
Other Operating Expenses	\$244,481,754	\$330,294,370	(\$85,812,616)	-26.0%
<i>Subtotal Other</i>	<i>\$383,851,399</i>	<i>\$483,243,281</i>	<i>(\$99,391,882)</i>	<i>-20.6%</i>
Total Expenditures	\$1,118,347,615	\$1,238,982,331	(\$120,634,716)	-10.8%

SYSTEMWIDE NET OPERATING INCOME (NOI)

Net Operating Gain/Loss is the difference between Revenue and the combined amount of Expenditures and Net Transfers (out). When looking at recurring costs, UH shows a net gain of \$42.4 million. However, there are also \$98.6 million in one-time expenditures planned for FY25. The combined effect is a reduction of fund balances totaling \$56.2 million for FY25.

Fund Type	FY25 Recurring NOI	FY25 One-Time Expenditures	FY25 Net Gain (Loss)
General Fund	\$2,248,639	\$2,248,639	\$0
Tuition & Fees SF	\$22,812,299	\$72,615,443	(\$49,803,144)
RTRF	\$2,598,684	\$874,410	\$1,724,274
Other Special Funds	\$9,528,819	\$17,992,833	(\$8,464,014)
Other Revolving Funds	\$4,915,425	\$4,826,989	\$88,436
Appropriated Federal Funds	\$307,294	\$16,347	\$290,947
Total	\$42,411,160	\$98,574,661	(\$56,163,501)

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.

RESERVES

Regent Policy (RP) 8.203 and Executive Policy (EP) 8.210 set forth the fund reserve policy for UH. They require an annual reporting of current and projected fund balances and provide definitions for adequate levels of funding.

EP 8.210 defines operating reserves as funds set aside to ensure the University is prepared to address financial shortfalls or emergencies, including requirements of accreditation. The EP establishes a target of a minimum of 16% of the average general operating expenditures over the last three fiscal years.

Debt Service Reserves are established in EP 2.212 and require an amount equal to the maximum annual debt service due in the succeeding three-year period.

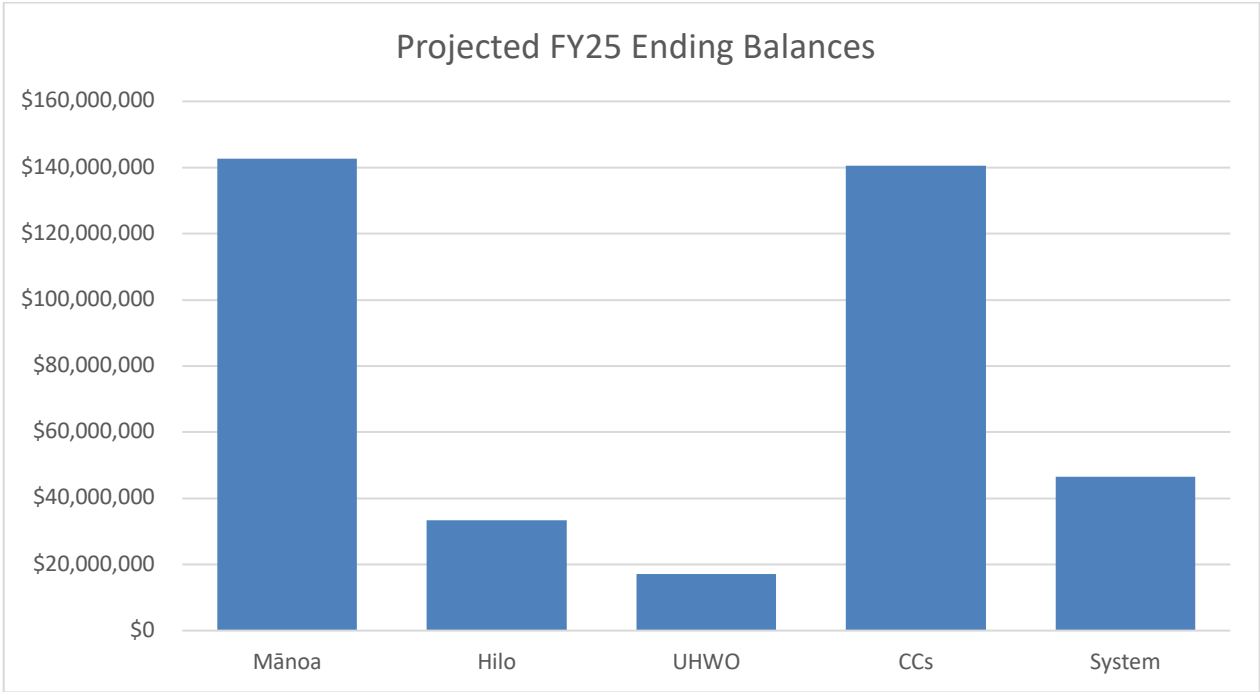
EP 2.212 also requires that an amount equal to 50% of its depreciation expense for the preceding fiscal year is transferred into the renewal and replacement fund. This creates a contribution requirement rather than a fund balance requirement.

For the entire UH System, the overall net operating income, fund balance, and reserves are presented below. A similar breakout is also present in each campus' respective section.

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY25 Projected
Net Operating Income	(\$56,163,501)
Beginning Balance	\$785,498,913
Ending Balance	\$729,335,412
Operating Reserve (EP 8.210)	\$178,317,553
Debt Service Reserve (EP 2.212)	\$32,343,575
Repair and Replacement Reserve (EP 2.212)	\$83,654,523
Mandatory Reserves	\$607,202
Other Reserves	\$77,565,181
Balance Above Minimum Reserve After Adjustments	\$356,847,378

TFSF reserve levels remain healthy, with all campuses above the 16% operating reserve target, and several campuses significantly higher than that. However, it is expected that these balances will need to be tapped in a few fiscal years. These fund balances also provide flexibility for potential restructurings of UH activities. The following chart shows projected ending FY25 TFSF balances in addition to the portion centrally held, pursuant to EP 8.210:

Campus	FY25 Ending	Centrally Held
Mānoa	\$142,709,367	\$24,386,146
Hilo	\$33,391,451	\$3,293,651
UHWO	\$17,136,890	\$1,833,228
CCs	\$140,557,334	\$11,058,790
System	\$46,519,923	\$2,882,719
Total	\$380,314,965	\$43,454,534



CONCLUSION

As UH continues to implement its six-year Strategic Plan, this FY25 operating budget represents a sustained effort to quantify UH’s current investments within the framework of the Strategic Imperatives and continues investments along those Imperatives. Because of previous efforts to grow fund balances, the UH can accommodate these investments. UH Administration looks forward to working with all stakeholders and constituencies to advance the quality of life for all the people of Hawai’i through robust educational offerings and world-class discovery while modeling how institutions must fulfill responsibilities to indigenous people and place in the 21st century.

University of Hawai'i at Mānoa

Introduction

The University of Hawai'i at Mānoa ("UH Mānoa" 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. UH Mānoa also offers doctoral programs in major intellectual disciplines. As one of just a handful of land-, sea-, space- and sun-grant universities, 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 98 bachelor's degrees, 88 master's degrees, 52 research doctorates, and 5 professional doctorates. Of these, 69 programs are professionally accredited. The campus also offers 28 undergraduate certificates, 3 post-baccalaureate certificates, and 40 graduate certificates.

UH Mānoa has continued its efforts to ensure that all hiring and spending are aligned with the UH System Strategic Plan. The campus has made major recent investments in initiatives in Health Sciences, Space Sciences, Cinematic Arts, and Sustainability, with the aim of contributing to the diversification of Hawai'i's economy and meeting the workforce needs of today and tomorrow. Investments have been made in various areas related to student wellness and student learning, including mental health support, academic advising, classroom improvements, and student housing, with the aim of ensuring student success towards their career aspirations. The campus commitment to fulfill our kuleana to Native Hawaiians and Hawai'i is evident across all of these areas, with large investments under the Strategic Investment competition in Native Hawaiian (NH) and Pacific Islander student support, community health and nutrition, fisheries, and NH theatre, among other areas. Unit-level budget allocations and faculty hiring approvals will continue to be informed by the Strategic Plan, ensuring that investments are made with the aim of addressing the highest priorities of the State.

BUDGET SUMMARY

Overview

For all funds, UH Mānoa is projecting revenues of \$767.3 million and expenditures and transfers of \$820.0 million. Discussion of the projected net operating loss follows presentation of the summary tables below. The TFSF is covered in a separate section following the discussion of all funds.

ALL FUNDS

Revenues

Type of Fund	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
General Funds	\$314,353,668	\$304,351,589	\$10,002,079	3.3%
Tuition & Fees	\$253,012,081	\$249,709,005	\$3,303,076	1.3%
RTRF	\$42,000,000	\$42,327,936	(\$327,936)	-0.8%
Other Special Funds	\$133,619,030	\$124,465,603	\$9,153,427	7.4%
Other Revolving Funds	\$19,625,357	\$19,621,581	\$3,776	0.0%
Appropriated Federal Funds	\$4,664,495	\$3,754,586	\$909,909	24.2%
Total Revenues	\$767,274,631	\$744,230,300	\$23,044,331	3.1%

Type of Fund	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
General Funds	\$304,351,589	\$295,481,355	\$8,870,234	3.0%
Tuition & Fees	\$249,709,005	\$243,957,370	\$5,751,635	2.4%
RTRF	\$42,327,936	\$41,000,000	\$1,327,936	3.2%
Other Special Funds	\$124,465,603	\$107,339,586	\$17,126,017	16.0%
Other Revolving Funds	\$19,621,581	\$19,068,912	\$552,669	2.9%
Appropriated Federal Funds	\$3,754,586	\$4,664,495	(\$909,909)	-19.5%
Total Revenues	\$744,230,300	\$711,511,717	\$32,718,583	4.6%

When comparing the projected FY25 budget against FY24 actuals, revenue is expected to increase by \$23.0 million, or 3.1%. The General Fund appropriation for FY25 is slightly higher than FY24 due to collective bargaining and has also been reduced by an estimated Governor's restriction of \$7.1 million.

Regular term tuition revenue is currently projected to be essentially flat in comparison to FY24. As of this writing, estimates for enrollment and tuition charged for Fall 2024 are slightly higher compared to the previous year. However, uncertainties regarding how much tuition will be collected remain to be resolved as we navigate through the semester. Summer and credit extension revenues are projected to be around the same level as FY24.

RTRF revenue is expected to be about \$42 million based on actual expenditure amounts subject to indirect cost. As campus auxiliary operations such as bookstore, parking, athletics, student activities, and student and faculty housing have largely returned to pre-pandemic levels of activity, so has the revenue of the associated Special and Revolving Funds. Other Special Funds revenues increased in FY24 due to the conversion of Research Corporation of the University of Hawai'i (RCUH) direct projects to Special Fund

Research Recharge Center (SRRC) accounts. As more operations were moved from RCUH to UH, the use of other special funds is expected to increase again in FY25. Other Revolving Fund revenues are expected to be slightly lower than FY24 as there were some atypical activity levels in some funds in the prior year.

Expenditures and Transfers by Fund Type

Expenditures and Transfers	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
General Funds	\$314,353,668	\$303,643,089	\$10,710,579	3.5%
Tuition & Fees	\$300,553,012	\$235,748,359	\$64,804,653	27.5%
RTRF	\$36,327,544	\$35,496,706	\$830,838	2.3%
Other Special Funds	\$139,618,372	\$103,640,890	\$35,977,482	34.7%
Other Revolving Funds	\$24,746,540	\$17,928,943	\$6,817,597	38.0%
Appropriated Federal Funds	\$4,373,548	\$4,290,471	\$83,077	1.9%
Total Expenditures	\$819,972,684	\$700,748,458	\$119,224,226	17.0%

Expenditures and Transfers	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
General Funds	\$303,643,089	\$295,481,355	\$8,161,734	2.8%
Tuition & Fees	\$235,748,359	\$323,943,125	(\$88,194,766)	-27.2%
RTRF	\$35,496,706	\$27,600,142	\$7,896,564	28.6%
Other Special Funds	\$103,640,890	\$94,653,193	\$8,987,697	9.5%
Other Revolving Funds	\$17,928,943	\$22,686,824	(\$4,757,881)	-21.0%
Appropriated Federal Funds	\$4,290,471	\$4,637,251	(\$346,780)	-7.5%
Total Expenditures	\$700,748,458	\$769,001,890	(\$68,253,432)	-8.9%

Across all fund types, FY25 expenditures and net transfers are projected to increase by 17.0% over FY24 actual expenditures. Overall increases can be attributed to collective bargaining, estimates for temporary hazard pay settlement payments, and inflationary increases as well as several large expenditures to improve facilities on the UH Mānoa campus.

For General Funds, expenditures will increase by the amount of the collective bargaining agreement increases.

TFSF expenditures are expected to increase mostly due to large projects anticipated to be paid in FY25:

- Continued progress to complete the Ching Field expansion;
- Increasing the scope of the Snyder Hall replacement project;
- Pre-closing costs for graduate student housing construction (NOAA building); and
- Additional costs for the new Student Success Center (Sinclair Hall), to include contingency costs, PV installation, and furnishings.

TFSF expenditures are also projected to increase due in part to the continued effect of the loss of S397. Fringe benefit costs for permanent employee salaries that cannot be fully covered with General Fund appropriations are now assessed on TFSF due to this change. TFSF funds will also be used to support

strategic investments in new initiatives with a high potential for return on investment. These include start-up investments in the Health Sciences Institute, in the Office of Global Engagement, and in support of positions dedicated to extramural award development.

RTRF expenditures are projected to be fairly consistent to prior year spending trends with increases due to collective bargaining, inflationary factors, and increased revenue amounts.

Other Special Fund expenditures are projected to increase in FY25 due in part to several repair and replacement projects scheduled to continue in this fiscal year. In addition, the conversion of RCUH direct projects to SRRC and other special fund accounts result in increased expenditures.

Other Revolving Fund expenditures are expected to increase primarily due to a large repair and replacement project scheduled for University Health Services.

Federal appropriated funds are typically Federal Work Study and USDA funds awarded to CTAHR. The expenditures in this fund remain fairly consistent as the level of funding is rather stable.

Expenditures by Category

Expenditure Category	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
Regular Employee Payroll	\$481,341,691	\$411,064,571	\$70,277,120	17.1%
Lecturer Payroll	\$10,244,286	\$14,732,268	(\$4,487,982)	-30.5%
Student Help Payroll	\$12,365,865	\$12,557,900	(\$192,035)	-1.5%
Other Personnel	\$10,849,738	\$5,471,683	\$5,378,055	98.3%
<i>Subtotal Personnel</i>	<i>\$514,801,580</i>	<i>\$443,826,422</i>	<i>\$70,975,158</i>	<i>16.0%</i>
Utilities	\$59,681,730	\$54,911,902	\$4,769,828	8.7%
Scholarships, Tuition	\$47,244,408	\$47,888,698	(\$644,290)	-1.3%
Other Operating Expenses	\$212,563,136	\$141,786,361	\$70,776,775	49.9%
<i>Subtotal Other</i>	<i>\$319,489,274</i>	<i>\$244,586,961</i>	<i>\$74,902,313</i>	<i>30.6%</i>
Total Expenditures	\$834,290,854	\$688,413,383	\$145,877,471	21.2%

Expenditure Category	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
Regular Employee Payroll	\$411,064,571	\$419,719,848	(\$8,655,277)	-2.1%
Lecturer Payroll	\$14,732,268	\$12,647,934	\$2,084,334	16.5%
Student Help Payroll	\$12,557,900	\$11,167,127	\$1,390,773	12.5%
Other Personnel	\$5,471,683	\$5,720,805	(\$249,122)	-4.4%
<i>Subtotal Personnel</i>	<i>\$443,826,422</i>	<i>\$449,255,714</i>	<i>(\$5,429,292)</i>	<i>-1.2%</i>
Utilities	\$54,911,902	\$64,205,587	(\$9,293,685)	-14.5%
Scholarships, Tuition	\$47,888,698	\$45,231,719	\$2,656,979	5.9%
Other Operating Expenses	\$141,786,361	\$203,783,862	(\$61,997,501)	-30.4%
<i>Subtotal Other</i>	<i>\$244,586,961</i>	<i>\$313,221,168</i>	<i>(\$68,634,207)</i>	<i>-21.9%</i>
Total Expenditures	\$688,413,383	\$762,476,882	(\$74,063,499)	-9.7%

Expenditures in FY25 are projected to increase by 21.2% over FY24 actual expenditures. These increases are primarily in personnel, utilities and other operating expenses, collective bargaining increases, and inflationary factors respectively. Payroll costs are also increasing due to fringe benefit rate increases and the continued impact of the loss of S397 funds. Utilities are projected to increase due to anticipated rate increases. Note that the numbers in this table do not exactly match the previous table that reported expenditures by fund type, due to the impact of transfers.

Net Operating Gain (Loss)

Type of Fund	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
General Funds	\$0	\$0	\$0	-
Tuition & Fees	(\$47,540,931)	\$13,960,647	(\$61,501,578)	-440.5%
RTRF	\$5,672,456	\$6,831,230	(\$1,158,774)	-17.0%
Other Special Funds	(\$5,999,342)	\$20,824,712	(\$26,824,054)	-128.8%
Other Revolving Funds	(\$5,121,183)	\$1,692,638	(\$6,813,821)	-402.6%
Appropriated Federal Funds	\$290,947	(\$535,885)	\$826,832	-154.3%
Total Net Gain/Loss	(\$52,698,053)	\$42,773,342	(\$95,471,395)	-223.2%

Type of Fund	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
General Funds	\$0	\$0	\$0	-
Tuition & Fees	\$13,960,647	(\$79,985,755)	\$93,946,402	-117.5%
RTRF	\$6,831,230	\$13,399,858	(\$6,568,628)	-49.0%
Other Special Funds	\$20,824,712	\$12,686,393	\$8,138,319	64.1%
Other Revolving Funds	\$1,692,638	(\$3,617,912)	\$5,310,550	-146.8%
Appropriated Federal Funds	(\$535,885)	\$27,244	(\$563,129)	-2067.0%
Total Expenditures	\$42,773,342	(\$57,490,172)	\$100,263,514	-174.4%

The major reason for the projected decline in TFSF balances in FY25 is due to expenditures associated with renovation and construction projects: pre-closing costs for graduate student housing, Snyder Hall replacement, Sinclair renovations, and Ching Field expansion. Higher personnel costs due to collective bargaining increases, and projected inflationary increases to utilities and other operating expenditures are also contributing factors. Many of these expenditures were projected in FY24 but were not completed and are expected to carry into FY25. Also, due to the loss of the use of S397, fringe costs for TFSF-funded permanent employees are now projected to be charged to TFSF rather than being borne by the General Fund.

RTRF revenues and expenditures are expected to increase due to the growth of recent awards. Timing of the spending of the allocated RTRF funds attributes to the swing of the net operating income. Funds allocated in one year may be spent in a future year.

Other Special and Other Revolving net operating balances are lower than prior years due to repair and replacement costs on Special Funds and lower facilities use related activities for Revolving Funds. The repairs and replacement costs are funded through accumulated reserves in each of the respective funds. The revolving funds have sufficient carryover balances to sustain the swing in projected levels of activity.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY25 Projected
Net Operating Income	(\$52,698,053)
Beginning Balance	\$422,880,558
Ending Balance	\$370,182,505
Operating Reserve (EP 8.210)	\$111,994,373
Debt Service Reserve (EP 2.212)	\$22,527,734
Repair and Replacement Reserve (EP 2.212)	\$66,975,144
Mandatory Reserves	\$560,486
Other Reserves	\$63,565,181
Balance Above Minimum Reserve After Adjustments	\$104,559,587

After a projected net operating loss of \$52.7 million, UHMānoa’s anticipated ending balance is \$370.2 million. Much of this balance is already committed in the form of repair and replacement reserves, bond covenant and requirements and RTRF commitments. These reserves total \$265.6 million and leave a fund balance of \$104.6 million. Much of the additional balance was held due to the uncertainty regarding future General Fund appropriations and because of one time federal funding over the last few years. In the event of any budget restrictions or revenue decreases in upcoming years, the remaining reserves will be essential to maintain a consistent level of service until adjustments can be made.

TUITION AND FEES SPECIAL FUND

TFSF is projected to have revenues of \$253.0 million, expenditures of \$178.2 million, and net transfers of \$41.6 million. This results in a projected net operating loss of \$47.5 million.

Revenues

FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
\$253,012,081	\$249,709,005	\$3,303,076	1.3%

FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
\$249,709,005	\$243,957,370	\$5,751,635	2.4%

FY25 tuition is projected to be essentially the same as the amount in FY24. Regular term, summer and extension terms are all expected to have revenues at about the same level as last year.

Expenditures

Expenditure Category	FY25 Projected	FY24 Actual	FY25 Proj. vs. FY24 Actual	%age
Regular Employee Payroll	\$82,052,263	\$55,702,880	\$26,349,384	47.3%
Lecturer Payroll	\$9,541,880	\$13,450,654	(\$3,908,774)	-29.1%
Student Help Payroll	\$5,466,042	\$6,026,521	(\$560,478)	-9.3%
Other Personnel	\$3,243,637	\$2,733,731	\$509,906	18.7%
<i>Subtotal Personnel</i>	<i>\$100,303,822</i>	<i>\$77,913,785</i>	<i>\$22,390,037</i>	<i>28.7%</i>
Utilities	\$43,607,291	\$31,404,454	\$12,202,836	38.9%
Scholarships, Tuition	\$2,390,162	\$2,214,840	\$175,322	7.9%
Other Operating Expenses	\$112,651,187	\$66,704,010	\$45,947,177	68.9%
<i>Subtotal Other</i>	<i>\$158,648,640</i>	<i>\$100,323,304</i>	<i>\$58,325,336</i>	<i>58.1%</i>
Total Expenditures	\$258,952,462	\$178,237,089	\$80,715,373	45.3%

Expenditure Category	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Proj.	%age
Regular Employee Payroll	\$55,702,880	\$65,036,456	(\$9,333,577)	-14.4%
Lecturer Payroll	\$13,450,654	\$12,318,264	\$1,132,390	9.2%
Student Help Payroll	\$6,026,521	\$5,369,641	\$656,879	12.2%
Other Personnel	\$2,733,731	\$3,054,131	(\$320,401)	-10.5%
<i>Subtotal Personnel</i>	<i>\$77,913,785</i>	<i>\$85,778,493</i>	<i>(\$7,864,709)</i>	<i>-9.2%</i>
Utilities	\$31,404,454	\$49,510,300	(\$18,105,846)	-36.6%
Scholarships, Tuition	\$2,214,840	\$2,212,265	\$2,575	0.1%
Other Operating Expenses	\$66,704,010	\$126,656,595	(\$59,952,585)	-47.3%
<i>Subtotal Other</i>	<i>\$100,323,304</i>	<i>\$178,379,160</i>	<i>(\$78,055,855)</i>	<i>-43.8%</i>
Total Expenditures	\$178,237,089	\$264,157,653	(\$85,920,564)	-32.5%

FY25 expenditures are projected to increase by about 45.3% in comparison to FY24 actuals.

- **Personnel Expenses:** Personnel expenditures are expected to increase by \$22.4 million over the last fiscal year. This amount reflects collective bargaining and temporary hazard pay settlement payments for the non-permanent salaries paid on TFSF. The amount also includes permanent salaries in excess of the current General Fund appropriation, which will be assessed fringe benefit costs, and transfer of some lecturer payroll costs to TFSF funds.
- **Utilities:** Expenditures for utilities from TFSF are projected to be higher than in FY24, due to shifting the utilities cost back onto TFSF from other funds, in addition to projected inflationary increases.
- **Other Operating:** Other Operating costs are projected to increase primarily due to large facilities investments on the UH Mānoa campus. These include: completion of the Ching Field expansion, pre-closing costs for graduate student housing construction, Snyder Hall replacement, and Sinclair renovations. Strategic investments in new initiatives, inflationary factors and a return to higher levels of on-campus activity also attribute to the increase in expenditure. Many of these items were planned for FY24 but were delayed.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (TFSF)	FY25 Projected
Net Operating Income	(\$47,540,931)
Beginning Balance	\$190,250,298
Ending Balance	\$142,709,367
Operating Reserves (EP 8.210)	\$86,737,246
Debt Service Reserve (EP 2.212)	\$216,041
Repair and Replacement Reserve (EP 2.212)	\$66,824
Mandatory Reserves	\$0
Other Reserves	\$20,730,448
Balance Above Minimum Reserve After Adjustments	\$34,958,808

In FY25, TFSF is projected to have a net operating loss of \$47.5 million. The projected ending balance for TFSF is \$142.7 million, which still places the ending balance above the 16% minimum targeted reserve of \$86.7 million outlined in Executive Policy. For TFSF, other reserve requirements include IFA’s telescope decommissioning fund and facilities tuition increase reserve used to fund long-term R&M projects. These reserves will be essential to maintain a consistent level of service until adjustments can be made if budget restrictions or revenue reductions occur in future years.

University of Hawai'i at Hilo

Introduction

UH Hilo is a comprehensive university providing high-quality liberal arts, science, and professional baccalaureate education and select postgraduate degrees in fields of regional significance. In carrying out this mission, UH Hilo offers 38 undergraduate degrees, 8 graduate degrees, 2 doctoral degrees, and 2 professional degrees that take advantage of the cultural and natural characteristics of the island and community, attracting students who are qualified for baccalaureate entry and seek opportunities for highly engaging and experiential 'āina-based learning. This includes first-generation and non-traditional students, some of whom attend part-time.

UH Hilo provides students with an educational experience rooted in place, culture and diversity. Ten of the fourteen world climate zones exist on the Island of Hawai'i making it a living laboratory for the study of volcanoes, astronomy, agriculture, marine science and other natural sciences. U.S. News and World Report 2023 Best Colleges ranked UH Hilo one of the nation's most ethnically diverse campuses.

While a primary admissions target for UH Hilo is residents of Hawai'i Island, our quality programs are attractive to prospective students from other islands, the Pacific, the continental 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 2023-2029 UH Strategic Plan and current 2021-2031 UH Hilo Strategic Plan guide the development of budget strategies and spending priorities. The four Strategic Imperatives and five Foundational Principles were already provided in this narrative. The three goals of the UH Hilo Strategic Plan are:

1. Strengthen Our Commitment to Haumāna: Equity and Student Success;
2. Strengthen Our Commitment to 'Āina- and Community-based Education; and
3. Strengthen Our Commitment to Kākou, Our Campus 'Ohana.

ALL FUNDS

Revenues

Type of Fund	FY 2025 Projected	FY 24 Actual	FY25 Projected vs. FY24 Actual	%age
General Funds	\$49,715,895	\$46,644,895	\$3,071,000	6.6%
Tuition & Fees	\$24,203,074	\$24,523,723	(\$320,649)	-1.3%
RTRF	\$2,510,783	\$3,101,466	(\$590,683)	-19.0%
Other Special Funds	\$11,627,446	\$12,555,157	(\$927,711)	-7.4%
Other Revolving Funds	\$2,026,097	\$1,697,430	\$328,667	19.4%
Appropriated Federal Funds	\$291,557	\$288,639	\$2,918	1.0%
Total Revenues	\$90,374,852	\$88,811,310	\$1,563,542	1.8%

Type of Fund	FY 24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
General Funds	\$46,644,895	\$46,814,091	(\$169,196)	-0.4%
Tuition & Fees	\$24,523,723	\$24,872,977	(\$349,254)	-1.4%
RTRF	\$3,101,466	\$2,920,301	\$181,165	5.8%
Other Special Funds	\$12,555,157	\$10,844,595	\$1,710,562	13.6%
Other Revolving Funds	\$1,697,430	\$1,569,643	\$127,787	7.5%
Appropriated Federal Funds	\$288,639	\$291,557	(\$2,918)	-1.0%
Total Revenues	\$88,811,310	\$87,313,164	\$1,498,146	1.7%

Overall, revenues are projected to increase by about 1.8% when compared to actual FY24 collections. General Fund revenue is planned to be 6.6% more than FY24 actuals due to collective bargaining salary increases and additional funds appropriated to support the Master’s in Counseling Psychology and Teacher Education programs. TFSF revenue is planned to be 1.3% less than FY24 actuals due to a projected enrollment decline in non-resident students.

The planned decline of \$590,000 in RTRF revenue is partly due to the end of the recovery of indirect costs associated with the Higher Education Emergency Relief Fund (HEERF) related to the pandemic and decrease in the amount of funds exchanged with Office of the Vice President for Research and Innovation (OVPRI) for the Small Business Development Center (SBDC). Other Special Fund revenue is projected to be \$928,000 less than FY24 actuals primarily due to the one-time deposit from RCUH for the conversion from RCUH revolving funds to UH special funds in FY24. Other Revolving Fund revenue is planned to be \$329,000 more than FY24 primarily due to the sale of the student recreation center’s boat. Due to a change in boating standards for the Hilo port as well as the cost to maintain and staff the boat, it is unfortunately no longer feasible to continue the campus recreation’s boating program.

Expenditures

Expenditure Category	FY25 Budget	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
Regular Employee Payroll	\$53,646,876	\$45,796,741	\$7,850,135	17.1%
Lecturer Payroll	\$2,326,734	\$2,141,780	\$184,954	8.6%
Student Help Payroll	\$2,482,686	\$2,287,444	\$195,242	8.5%
Other Personnel	\$1,577,674	\$1,595,514	(\$17,840)	-1.1%
<i>Subtotal Personnel</i>	<i>\$60,033,970</i>	<i>\$51,821,479</i>	<i>\$8,212,491</i>	<i>15.8%</i>
Utilities	\$5,523,335	\$5,263,199	\$260,136	4.9%
Scholarships, Tuition	\$7,660,000	\$6,740,262	\$919,738	13.6%
Repairs & Maintenance	\$3,129,702	\$1,577,455	\$1,552,247	98.4%
Other Operating Expenses	\$20,858,756	\$20,688,876	\$169,880	0.8%
<i>Subtotal Other</i>	<i>\$37,171,793</i>	<i>\$34,269,792</i>	<i>\$2,902,001</i>	<i>8.5%</i>
Total Expenditures	\$97,205,763	\$86,091,271	\$11,114,492	12.9%

Expenditure Category	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
Regular Employee Payroll	\$45,796,741	\$50,201,741	(\$4,405,000)	-8.8%
Lecturer Payroll	\$2,141,780	\$2,257,989	(\$116,209)	-5.1%
Student Help Payroll	\$2,287,444	\$2,391,404	(\$103,960)	-4.3%
Other Personnel	\$1,595,514	\$1,778,098	(\$182,584)	-10.3%
<i>Subtotal Personnel</i>	<i>\$51,821,479</i>	<i>\$56,629,232</i>	<i>(\$4,807,753)</i>	<i>-8.5%</i>
Utilities	\$5,263,199	\$6,604,927	(\$1,341,728)	-20.3%
Scholarships, Tuition	\$6,740,262	\$7,711,650	(\$971,388)	-12.6%
Repairs & Maintenance	\$1,577,455	\$1,697,561	(\$120,106)	-7.1%
Other Operating Expenses	\$20,688,876	\$23,683,886	(\$2,995,010)	-12.6%
<i>Subtotal Other</i>	<i>\$34,269,792</i>	<i>\$39,698,024</i>	<i>(\$5,428,232)</i>	<i>-13.7%</i>
Total Expenditures	\$86,091,271	\$96,327,256	(\$10,235,985)	-10.6%

Overall, projected expenditures are \$11.1 million, or 12.9%, higher than actual FY24 expenditures. Personnel cost is projected to increase by 15.8% due to collective bargaining increases, temporary hazard pay settlement with Hawai'i Government Employees Association (HGEA), and the strategic filling of vacant positions currently under recruitment. R&M expenses projected for FY25 are \$1.6 million more than actual FY24 expenditures primarily due to the replacement of the air conditioner in the Student Life Center and re-roofing of the College of Agriculture, Forestry and Natural Resource Management (CAFNRM) building. Tuition scholarships are planned to be \$920,000 more than actual FY24 expenditures due to the one-time use of carry-over funds for targeted populations of students in coordination with UH Hilo's recruitment efforts.

The use of unencumbered cash reserves is planned to support new initiatives and existing programs and services that are in alignment with the UH Strategic Plan reinforcing the commitment to providing a unique education and experience to our students and strengthening enrollment and revenue.

New and Continuing Initiatives (\$7.3 million):

- Fulfill Kuleana to Native Hawaiians and Hawai'i (\$50,000)

The Center for Maunakea Stewardship needs to replace a vehicle for its rangers. The rangers provide daily oversight of activities on the UH-managed lands protecting the resources and providing public safety. They are responsible for informing visitors about the cultural, natural and scientific significance of Maunakea.

- Developing Successful Students for a Better Future (\$6.5 million)

Improve campus infrastructure: Approximately \$4.8 million will be invested to upgrade, repair or replace classroom furniture, network equipment, furnishings in the residence halls, dining facilities, campus center, Pacific Aquaculture and Coastal Resource Center (PACRC), CAFNRM, and the Daniel K. Inouye College of Pharmacy (DKICP) modular building. Funds will be used to purchase computers and workstations for the computer science and data science classrooms as well as the applied physics laboratory for the pre-engineering program. Repair and replacement work will proceed on the air conditioning at the Student Life Center. The quality of campus facilities and infrastructure impacts student recruitment and student success. It is important to have a well maintained facility that will enhance the student learning and campus living experience.

Support 'āina and community centered learning: \$160,000 will support the College of Natural and Health Science. A 12-passenger van and 9-passenger four-wheel drive SUV is needed to transport students for hands-on learning opportunities island wide. Hawai'i Island serves as a living laboratory for deepening our relationship with the community and the natural world in the study of volcanos, astronomy, marine science and other natural sciences.

Marketing and recruiting: \$230,000 will be invested in digital marketing and name buying allowing UH Hilo to attract students, build relationships and drive enrollment and engagement. UH Hilo will be able to reach a wider audience than traditional marketing methods. Digital marketing also allows for targeted messaging to reach specific audiences in a cost effective and efficient manner.

Enhance student engagement and achievement: Approximately \$1.3 million will be invested towards recruitment and retention initiatives. We are investing in temporary internship and retention coordinator positions to enable students to make more informed decisions about their academic and career pathways. This is the second year of a two-year plan to fund these temporary positions with plans to request permanent positions and General Funds in the 2025-2027 biennium budget if proven successful. Reserves will also be committed to continue an enhanced new student orientation program, volunteer incentives, basic needs support and provide opportunity grants to targeted groups of students in coordination with our marketing and recruitment efforts. UH Hilo recognizes the critical need to implement high-impact practices that enhance student success and well-being. Comprehensive orientation programs as well as an integrated approach for advising and career/internship coordination are key components, each contributing to the holistic advancement of student engagement and achievement.

Temporary Hazard Pay (THP) (\$752,000)

HGEA and the Hawai'i state government reached a settlement to compensate employees who worked during the two-year COVID-19 pandemic. The settlement is for \$10,000 or \$20,000 depending on the number of days an employee reported to their physical worksite during the period of March 4, 2020 to March 25, 2022. Forecasts include payouts and fringe estimates related to non-general funds as the UH expects an appropriation that should cover the general fund appropriated employees.

Fund current programs and critical services (\$3.0 million)

Reserves will be utilized to minimize impact to programs and services due to a decline in TFSF revenue, General Fund restriction and increased operating expenses (utilities, fringe benefit, bank service fees, minimum wage, etc.). Use of reserves will enable the campus to continue activities that address UH strategic imperatives:

- Fulfill Kuleana to Native Hawaiians and Hawai'i (\$500,000)

Continued support for educational programs with a focus on 'āina-based education and science in the Pacific Internship Programs for Exploring Science (PIPES), at the 'Imiloa Astronomy Center, and in the 'Imiloa-Ka Haka 'Ula O Ke'elikōlani Hawaiian Immersion Pathway program.

- Developing Successful Students for a Better Future (\$2.0 million)

Maintain library, tutoring, advising and counseling services which are necessary for students to achieve academic success and persist in their academic journey. Additionally, continue to provide courses and applied research opportunities that will prepare students to successfully reach their academic, personal and professional goals.

- Meet Hawai'i's Workforce Needs of Today and Tomorrow (\$500,000)

Continue to offer courses in areas of workforce needs for the state of Hawai'i in the fields of education, nursing, computer science, aeronautical science, counseling psychology and administration of justice.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY25 Projected
Net Operating Income	(\$9,859,535)
Beginning Balance	\$58,937,981
Ending Balance	\$49,078,446
Operating Reserve (EP 8.210)	\$12,373,569
Debt Service Reserve (EP 2.212)	\$1,630,667
Repair and Replacement Reserve (EP 2.212)	\$3,685,659
Mandatory Reserves	\$46,716
Other Reserves	\$0
Balance Above Minimum Reserve After Adjustments	\$31,341,835

A \$1.0 million Mandatory Major Repair and Replacement Reserve is mandated by the bond resolution adopted by the BOR on November 16, 2001. UH Hilo’s portion of this mandatory reserve is \$46,700.

Although UH Hilo proposes to spend \$9.9 million more than its revenues, there will be a balance of \$31.3 million above the minimum threshold.

TUITION AND FEES SPECIAL FUND

Revenues

FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
\$24,203,074	\$24,523,723	(\$320,649)	-1.3%

FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
\$24,523,723	\$24,872,977	(\$349,254)	-1.4%

Tuition and Fee revenues are planned to be 1.3% less than the FY24 actual amount due to a projected enrollment decline in non-resident students.

Expenditures

Expenditure Category	FY25 Budget	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
Regular Employee Payroll	\$5,286,117	\$4,502,912	\$783,205	17.4%
Lecturer Payroll	\$942,793	\$706,854	\$235,939	33.4%
Student Help Payroll	\$1,143,475	\$1,130,840	\$12,635	1.1%
Other Personnel	\$1,030,978	\$351,532	\$679,446	193.3%
<i>Subtotal Personnel</i>	<i>\$8,403,363</i>	<i>\$6,692,138</i>	<i>\$1,711,225</i>	<i>25.6%</i>
Utilities	\$3,650,000	\$671,583	\$2,978,417	443.5%
Scholarships, Tuition	\$110,000	\$107,588	\$2,412	2.2%
Repairs & Maintenance	\$2,877,000	\$1,265,451	\$1,611,549	127.3%
Other Operating Expenses	\$8,126,217	\$8,598,566	(\$472,349)	-5.5%
<i>Subtotal Other</i>	<i>\$14,763,217</i>	<i>\$10,643,188</i>	<i>\$4,120,029</i>	<i>38.7%</i>
Total Expenditures	\$23,166,580	\$17,335,326	\$5,831,254	33.6%

Expenditure Category	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
Regular Employee Payroll	\$4,502,912	\$5,050,015	(\$547,103)	-10.8%
Lecturer Payroll	\$706,854	\$820,755	(\$113,901)	-13.9%
Student Help Payroll	\$1,130,840	\$1,065,277	\$65,563	6.2%
Other Personnel	\$351,532	\$733,450	(\$381,918)	-52.1%
<i>Subtotal Personnel</i>	<i>\$6,692,138</i>	<i>\$7,669,497</i>	<i>(\$977,359)</i>	<i>-12.7%</i>
Utilities	\$671,583	\$5,615,408	(\$4,943,825)	-88.0%
Scholarships, Tuition	\$107,588	\$150,000	(\$42,412)	-28.3%
Repairs & Maintenance	\$1,265,451	\$1,105,000	\$160,451	14.5%
Other Operating Expenses	\$8,598,566	\$9,833,056	(\$1,234,490)	-12.6%
<i>Subtotal Other</i>	<i>\$10,643,188</i>	<i>\$16,703,464</i>	<i>(\$6,060,276)</i>	<i>-36.3%</i>
Total Expenditures	\$17,335,326	\$24,372,961	(\$7,037,635)	-28.9%

FY25 personnel expenditures are planned to be \$1.7 million more compared to FY24 actual expenditures due to collective bargaining increases, temporary hazard pay settlement with HGEA and change in funding source for Lecturer and Other Personnel (casual hire) costs. General Funds were available in FY24 to pay for some of the lecturer and casual hire costs.

The projected FY25 utilities budget is about \$3.0 million more than FY24 actuals. General Funds were available in FY24 to pay the cost of utilities that would have normally been charged to TFSF. R&M expenses planned for FY25 are \$1.6 million more than FY24 actuals primarily due to the replacement of the air conditioner in the Student Life Center and re-roofing of the CAFNRM building.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (TFSF)	FY25 Budget
Net Operating Income	(\$6,933,500)
Beginning Balance	\$40,324,951
Ending Balance	\$33,391,451
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	
Revised Ending Balance	\$33,391,451
Reserve Requirement (Minimum 16% of the average operating expenditures over the last three fiscal years)	\$10,539,685
Balance Above Minimum Reserve After Adjustments	\$22,851,766

UH Hilo’s TFSF ending balance of \$33.4 million is above the reserve requirement set in EP8.210 Systemwide Financial Reserves.

The net operating loss of \$6.9 million is due to planned one-time expenditures to support the strategic imperatives. Approximately \$5.4 million will be used toward “Developing Successful Students for a Better Future,” \$500,000 toward “Fulfill Kuleana to Native Hawaiians and Hawai’i,” and \$550,000 toward “Meet Hawai’i’s Workforce Needs of Today and Tomorrow.” In addition to supporting these strategic imperatives, \$460,000 will fund the THP resulting from a settlement between HGEA and the State.

Please refer to the TFSF portion of the All Fund Summary for additional information.

University of Hawai'i West O'ahu

Introduction

The University of Hawai'i West O'ahu (UHWO) offers a distinct, learner-centered workforce-aligned baccalaureate education that integrates humanities, education, social sciences, business, public administration, creative media, and STEM with professional and applied fields. As an indigenous-grounded institution, UHWO provides dynamic learning environments delivered via in-person, online, and hybrid platforms that are closely aligned with the UH Strategic Imperatives (2023) and the UHWO Strategic Action Plan (2018).

The budget is intentionally conservative reflecting multiple years of limited new General Fund support despite inflationary pressures. Hence, the budget reflects our focus on growing enrollment by investing in workforce development programs such as partnering with UH Mānoa's nursing program, early childhood education through secondary teacher-preparation, and the Amazon Career Choice Program, which is a catalyst for the growth of our online adult education outreach efforts. Additionally, we continue to invest in student success initiatives that strengthen student recruitment, retention, and persistence to graduation outcomes.

UHWO also continues to grow its Advanced Digital Media programs that integrate art, machine learning, and place-based indigenous learning. UHWO investments are balanced with revenue-generating initiatives to include effective student recruitment processes, hosting community events that increase community familiarity with UHWO, collaborations with the UH Office of Strategic Development and Partnership (OSDP) to generate revenues from the Mauka and Makai campus lands, and increasing both philanthropic giving and extramurally funded efforts.

To effectively monitor and manage its fiscal stability, UHWO employs a comprehensive review process for all personnel and position action requests, assesses all operational costs to ensure they are operationally necessary, and maintains financial monitoring through monthly reporting and analyses to the University Budget Advisory Council and campus Executive Team. This proactive management approach is critical given the limited fiscal resources available to UHWO caused in part by the campus debt service. In FY25, UHWO will spend approximately 9% of its budget to meet this long-term charge, which will not be retired until 2041.

During this fiscal year, UHWO will continue to assess and implement cost-saving measures, invest in strategic enrollment growth efforts, and explore and seek-out alternative streams of funding to enhance our fiscal sustainability.

BUDGET SUMMARY

ALL FUNDS

Revenues

Type of Fund	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
General Funds	\$22,044,976	\$21,846,548	\$198,428	0.9%
Tuition & Fees	\$16,636,291	\$16,551,898	\$84,393	0.5%
RTRF	\$521,449	\$1,573,434	(\$1,051,985)	-66.9%
Other Special Funds	\$438,711	\$472,239	(\$33,528)	-7.1%
Other Revolving Funds	\$963,292	\$933,162	\$30,130	3.2%
Appropriated Federal	\$112,323	\$110,525	\$1,798	1.6%
Total Revenues	\$40,717,042	\$41,487,806	(\$770,764)	-1.9%

Type of Fund	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
General Funds	\$21,846,548	\$20,982,353	\$864,195	4.1%
Tuition & Fees	\$16,551,898	\$16,847,698	(\$295,800)	-1.8%
RTRF	\$1,573,434	\$1,178,570	\$394,864	33.5%
Other Special Funds	\$472,239	\$203,550	\$268,689	132.0%
Other Revolving Funds	\$933,162	\$800,302	\$132,860	16.6%
Appropriated Federal	\$110,525	\$108,000	\$2,525	2.3%
Total Revenues	\$41,487,806	\$40,120,473	\$1,367,333	3.4%

Total FY25 revenues are projected to decrease by 1.9% as compared to FY24 actual revenues. The decrease in revenues is attributable primarily to RTRF collections, which were historically high in FY24 due to indirect costs associated with Federal Relief (HEERF) Funding. The FY25 projected amount of \$521,449 is reflecting a return to typical levels.

Other Special Fund revenues exceeded projections in FY24 by 132% as interest earning accounts benefitted from relatively strong balances and higher sustained interest rates. In addition, the International/Global Engagement Short-Term Programs have seen continued growth and are now surpassing pre-pandemic levels.

Expenditures

Expenditure Category	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
Regular Employee	\$25,500,959	\$23,157,753	\$2,343,206	10.1%
Lecturer Payroll	\$3,290,984	\$2,814,481	\$476,503	16.9%
Student Help Payroll	\$845,388	\$669,791	\$175,597	26.2%
Other Personnel	\$311,165	\$295,773	\$15,392	5.2%
<i>Subtotal Personnel</i>	<i>\$29,948,496</i>	<i>\$26,937,798</i>	<i>\$3,010,698</i>	<i>11.2%</i>
Utilities	\$2,066,015	\$1,909,128	\$156,887	8.2%
Scholarships, Tuition	\$2,259,970	\$1,900,051	\$359,919	18.9%
Other Operating Expenses	\$3,545,529	\$2,711,906	\$833,623	30.7%
<i>Subtotal Other</i>	<i>\$7,871,514</i>	<i>\$6,521,085</i>	<i>\$1,350,429</i>	<i>20.7%</i>
Total Expenditures	\$37,820,010	\$33,458,883	\$4,361,127	13.0%

Expenditures	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
Regular Employee	\$23,157,753	\$24,257,800	(\$1,100,047)	-4.5%
Lecturer Payroll	\$2,814,481	\$3,789,330	(\$974,849)	-25.7%
Student Help Payroll	\$669,791	\$879,884	(\$210,093)	-23.9%
Other Personnel	\$295,773	\$442,815	(\$147,042)	-33.2%
<i>Subtotal Personnel</i>	<i>\$26,937,798</i>	<i>\$29,369,829</i>	<i>(\$2,432,031)</i>	<i>-8.3%</i>
Utilities	\$1,909,128	\$1,967,633	(\$58,505)	-3.0%
Scholarships, Tuition	\$1,900,051	\$2,226,153	(\$326,102)	-14.6%
Other Operating Expenses	\$2,711,906	\$3,668,356	(\$956,450)	-26.1%
<i>Subtotal Other</i>	<i>\$6,521,085</i>	<i>\$7,862,142</i>	<i>(\$1,341,057)</i>	<i>-17.1%</i>
Total Expenditures	\$33,458,883	\$37,231,971	(\$3,773,088)	-10.1%

Overall, expenditures in FY25 are projected to increase by 13% compared to FY24. Personnel increases are due to collective bargaining raises, one-time temporary hazard payments, and additional fringe costs due to changes in the funding mix. Increases in Student Help Payroll are due primarily to increases in minimum wage and additional student support services/activities within the Office of Student Affairs. Utilities and other operating expenses are expected to increase due to additional on-campus enrollments and inflationary rates. Debt service for UHWO academic buildings and the library is \$3.8 million, or more than 9% of estimated revenues. Actual scholarship expenditures for FY24 declined due to a lower-than-expected scholarship pick-up rate. As a result of the UHWO's enrollment management team's efforts, we project scholarship expenditures to match the FY24 budgeted level.

In FY24, UHWO expended approximately 10% less than projected due to strategic hiring and additional oversight over purchase requests on institutional funds. UHWO will continue to use this proactive approach during FY25. These generated savings will support strategic investments such as the PV expansion that will enable UHWO to become a net-zero energy university that could realize fiscal benefits resulting in annual savings of nearly \$1.5 million in energy costs.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY25 Projected
Net Operating Income	(\$785,796)
Beginning Balance	\$34,901,452
Ending Balance	\$34,115,656
Operating Reserve (EP 8.210)	\$5,757,306
Debt Service Reserve (EP 2.212)	\$3,771,589
Repair and Replacement Reserve (EP 2.212)	\$6,901,240
Mandatory Reserves	\$0
Other Reserves	\$0
Balance Above Minimum Reserve After Adjustments	\$17,685,521

For all non-extramural funding, UHWO is projecting a net operating loss of \$786,000 attributable in part to one-time expenditures like the temporary hazard payments. UHWO is projecting an ending balance of \$17.7 million after meeting its reserve requirements. Approximately \$8 million of the ending balance is reserved for the campus Photovoltaic Parking Lot project slated for FY26.

TUITION AND FEES SPECIAL FUND

Revenues

FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
\$16,636,291	\$16,564,780	\$71,511	0.4%

FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
\$16,564,780	\$16,847,698	(\$282,918)	-1.7%

Fall 2024 enrollment is trending in a positive direction compared to Fall 2023 data. However, we remain conservative in our estimates as tuition and fee revenues are budgeted to increase by 0.4% as compared to FY24 actuals.

During FY24, TFSF revenues were down 1.7% reflecting the decline of 1.9% in headcount enrollment from Fall 2023 to Fall 2024.

Expenditures

Expenditures (TFSF Only)	FY25 Projected	FY24 Actual	FY25 Projected vs. FY24 Actual	%age
Regular Employee	\$2,610,129	\$2,188,088	\$422,041	19.3%
Lecturer Payroll	\$2,830,831	\$1,493,139	\$1,337,692	89.6%
Student Help Payroll	\$563,580	\$449,767	\$113,813	25.3%
Other Personnel	\$237,111	\$236,229	\$882	0.4%
<i>Subtotal Personnel</i>	<i>\$6,241,651</i>	<i>\$4,367,223</i>	<i>\$1,874,428</i>	<i>42.9%</i>
Utilities	\$2,066,015	\$1,805,020	\$260,995	14.5%
Scholarships, Tuition	\$0	\$0	\$0	0.0%
Other Operating Expenses	\$2,507,507	\$1,972,642	\$534,865	27.1%
<i>Subtotal Other</i>	<i>\$4,573,522</i>	<i>\$3,777,662</i>	<i>\$795,860</i>	<i>21.1%</i>
Total Expenditures	\$10,815,173	\$8,144,885	\$2,670,288	32.8%

Expenditures (TFSF Only)	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Projected	%age
Regular Employee	\$2,188,088	\$3,020,774	(\$832,686)	-27.6%
Lecturer Payroll	\$1,493,139	\$3,789,330	(\$2,296,191)	-60.6%
Student Help Payroll	\$449,767	\$608,154	(\$158,387)	-26.0%
Other Personnel	\$236,229	\$182,252	\$53,977	29.6%
<i>Subtotal Personnel</i>	<i>\$4,367,223</i>	<i>\$7,600,510</i>	<i>(\$3,233,287)</i>	<i>-42.5%</i>
Utilities	\$1,805,020	\$1,967,633	(\$162,613)	-8.3%
Scholarships, Tuition	\$0	\$0	\$0	0.0%
Other Operating Expenses	\$1,972,642	\$2,613,361	(\$640,719)	-24.5%
<i>Subtotal Other</i>	<i>\$3,777,662</i>	<i>\$4,580,994</i>	<i>(\$803,332)</i>	<i>-17.5%</i>
Total Expenditures	\$8,144,885	\$12,181,504	(\$4,036,619)	-33.1%

FY25 TFSF expenditures are projected to increase by \$2.7 million, or 32.8%, over the actual amount expended in FY24. The increase in personnel expenditures including lecturers and regular employee payroll is due to collective bargaining raises and changes in the funding mix. The increase in student help expenditures is due primarily to an increase in minimum wage and student support services/activities within the Office of Student Affairs. Increases in other expenditures are due primarily to campus re-engagement and inflationary rate projections. Utilities expenditures in FY25 are projected to be 14.5% higher due to an estimated increase in both rates and usage that reflects an increase in the number of students taking on-campus courses.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (TFSF)	FY25 Projected
Net Operating Income	(\$427,733)
Beginning Balance	\$17,564,623
Ending Balance	\$17,136,890
Other Reserve Requirements (R&R, Bond)	\$0
Revised Ending Balance	\$17,136,890
Operating Reserve Requirement (16%)	\$5,866,331
Balance Above Minimum Reserve After Adjustments	\$11,270,559

The \$427,733 projected net operating loss reflects in part the cost of operating the UHWO Pre-Nursing program without General Funded positions. The program is an important partnership with UH Mānoa that is designed to help address the critical shortage of nurses in West and Central O’ahu.

UHWO’s projected ending balance is higher than the minimum operating reserve requirement of 16%.

Community Colleges

Budget Summary

The University of Hawai'i Community Colleges (UHCC) are dedicated to increasing the educational capital of the State, addressing the needs of underserved populations, and revitalizing and expanding the State's economy. The Community Colleges provide 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.

Fulfill kuleana to Native Hawaiians and Hawai'i

All UHCC campuses share responsibility to support the future of our students, college, community, land, and sea. Each campus has a Native Hawaiian Center that is committed to actively preserve and perpetuate Hawaiian culture and values. In 2012 the BOR approved the Hawai'i Papa O Ke Ao (HPOKA) Plan to address the higher education needs of NH, which included tracking degrees and certificates awarded to NH since its inception. The UHCCs continue building on the HPOKA vision by listing businesses that support career pathways for NH as desired community partners in the Good Jobs campaign, focused on ensuring our state has a skilled local workforce ready to meet the demands of high growth industries. In addition, the UHCCs support the systemwide 13th Year Initiative funding to match a Kamehameha Schools grant for this innovative program designed to encourage non-college-bound high school students and adults to attend, and successfully complete, their first year of college with a focus on NH success.

Develop successful students for a better future

The UHCCs are committed to educating more students and empowering them to achieve their goals. The UHCCs are developing a pilot project to reduce the higher summer tuition fees in Summer 2025 to match the regular semester tuition rate for eligible students with the hopes of increasing retention and momentum to completion. Each year the UHCCs provide funding for the development of Open Educational Resources, or zero cost textbooks and materials, to ensure students have access to required course resources without having to incur additional cost.

Financial barriers to education are being addressed to ensure student success through continued support of the State of Hawai'i B Plus Scholarship, UH Opportunity Grants, and the Hawai'i Promise program. The Hawai'i Promise program supports tuition costs that are not fully covered by other forms of financial aid, providing money to cover direct education costs – including tuition, fees, and an allowance for books and supplies.

UHCC campuses have been working to create a more streamlined, consistent onboarding process for students and will be expending funds to continue the work that began under grants in FY24. The UHCCs will also be allocating funding for professional development, stipends for faculty discussions, and other activities in an effort to increase the number of students transferring from a UH two-year program to a UH four-year program.

The UHCCs believe in the importance of providing quality instruction in support of student success. The UHCCs host an annual professional development event, the Hawai'i Student Success Institute, at the Hawai'i Convention Center. Faculty and staff are encouraged to share best practices and innovative projects with their peers. Additionally, the UHCCs provide instructional design support with system staff to the colleges to ensure quality online instruction across the community colleges. Each of the community colleges also offer professional development programs that support faculty and their development of quality curriculum.

The UHCCs have invested in technology to provide easier communication options, assist with financial aid questions, support mental health, streamline credit for prior learning, and provide career assessment and support for students.

Meet Hawai'i's workforce needs of today and tomorrow

With support from the 2023 Legislature, the UHCCs are institutionalizing the Good Jobs Hawai'i (GJH) program that is currently funded by three grants. This program focuses on short-term credit and non-credit training in high demand workforce fields to assist students with moving into higher paying jobs. The training courses are offered by the seven community colleges, and students are offered financial support, so the course tuition is free. Additional aspects of GJH include paid internships by employers, support for wraparound services, and navigators who help students complete successfully.

Diversify Hawai'i's economy through UH innovation and research

Using funds provided by the 2024 Legislature, Kaua'i Community College, and Hawai'i Community College at Palamanui will be developing their Food Innovation programs to be part of the Food Innovation Network with the lead Wahiawa Value-Added Product Development Center (VAPDC) run by Leeward Community College and the Food Innovation Center at UH Maui College. The Food Innovation Network and VAPDCs will increase the opportunity for local farmers and growers to sell their products to value-added producers, build residents' capacity to develop entrepreneurial skills and incubate their business through access to small business resources; production kitchens and in-house product development; and provide premier education to students and community members, supporting Hawai'i's entrepreneurial ecosystem for generations to come. Additionally, the Culinary Institute of the Pacific (CIP) will complete its renovation project in FY25 and expand programming options statewide. The CIP is a research and product development hub with an emphasis on sustainable, island-based food systems. Cross-disciplinary programs and services are offered for both academic credit and professional certifications in the areas of new product development, sensory evaluation and flavor science, and wellness and nutritional health.

ALL FUND SUMMARY

Revenues

Type of Fund	FY 25 Projected	FY 24 Actual	FY25 Projected vs. FY24 Actual	%age
General Funds	\$185,438,848	\$170,192,280	\$15,246,568	9.0%
Tuition & Fees	\$51,581,001	\$49,715,359	\$1,865,642	3.8%
RTRF	\$1,370,847	\$5,164,165	(\$3,793,318)	-73.5%
Other Special Funds	\$85,460	\$85,459	\$1	0.0%
Other Revolving Funds	\$21,537,298	\$21,098,748	\$438,550	2.1%
Appropriated Federal Funds	\$3,875,565	\$3,860,461	\$15,104	0.4%
Total Revenues	\$263,889,019	\$250,116,472	\$13,772,547	5.5%

Type of Fund	FY 24 Actual	FY 24 Projected	FY24 Actual vs. FY24 Projected	%age
General Funds	\$170,192,280	\$173,895,641	(\$3,703,361)	-2.1%
Tuition & Fees	\$49,715,359	\$48,947,646	\$767,713	1.6%
RTRF	\$5,164,165	\$5,095,511	\$68,654	1.3%
Other Special Funds	\$85,459	\$38,439	\$47,020	122.3%
Other Revolving Funds	\$21,098,748	\$18,285,850	\$2,812,898	15.4%
Appropriated Federal Funds	\$3,860,461	\$2,944,483	\$915,978	31.1%
Total Revenues	\$250,116,472	\$249,207,570	\$908,902	0.4%

The General Fund allocation is projected to increase \$15.2 million, or 9%, partially due to the FY24 Actual amount reflecting a \$4.8 million movement of General Fund allocation to UH Mānoa and UHWO to cover payroll and FY25 projections include increases for collective bargaining and \$6.9 million in legislative adjustments.

TFSF revenues are projected to increase by \$1.9 million, or 3.8%. This increase is based on FY24 TFSF gross revenue adjusted by the projected increase/decrease in SSH for each campus as estimated by UH's Institutional, Research, Analysis, & Planning Office (IRAPO).

Revenues for RTRF show a decrease of \$3.8 million, or 73.5%, due to the end of the HEERF financial aid package performance period.

Expenditures

Expenditure Category	FY 25 Budget	FY 24 Actual	FY25 Projected vs. FY24 Actual	%age
Regular Employee Payroll	\$148,548,659	\$129,966,286	\$18,582,373	14.3%
Lecturer Payroll	\$25,317,568	\$24,111,972	\$1,205,596	5.0%
Student Help Payroll	\$3,705,128	\$3,232,444	\$472,684	14.6%
Other Personnel	\$2,149,448	\$2,088,683	\$60,765	2.9%
<i>Subtotal Personnel</i>	<i>\$179,720,803</i>	<i>\$159,399,385</i>	<i>\$20,321,418</i>	<i>12.7%</i>
Utilities	\$11,093,739	\$10,768,092	\$325,647	3.0%
Scholarships, Tuition	\$9,900,448	\$7,061,753	\$2,838,695	40.2%
Other Operating Expenses	\$55,459,363	\$36,067,898	\$19,391,465	53.8%
<i>Subtotal Other</i>	<i>\$76,453,550</i>	<i>\$53,897,743</i>	<i>\$22,555,807</i>	<i>41.8%</i>
Total Expenditures	\$256,174,353	\$213,297,128	\$42,877,225	20.1%

Expenditure Category	FY 24 Actual	FY 24 Projected	FY24 Actual vs. FY24 Projected	%age
Regular Employee Payroll	\$129,966,286	\$139,748,291	(\$9,782,005)	-7.0%
Lecturer Payroll	\$24,111,972	\$25,128,193	(\$1,016,221)	-4.0%
Student Help Payroll	\$3,232,444	\$3,252,514	(\$20,070)	-0.6%
Other Personnel	\$2,088,683	\$2,215,048	(\$126,365)	-5.7%
<i>Subtotal Personnel</i>	<i>\$159,399,385</i>	<i>\$170,344,046</i>	<i>(\$10,944,661)</i>	<i>-6.4%</i>
Utilities	\$10,768,092	\$11,912,462	(\$1,144,370)	-9.6%
Scholarships, Tuition	\$7,061,753	\$8,452,204	(\$1,390,451)	-16.5%
Other Operating Expenses	\$36,067,898	\$47,030,586	(\$10,962,688)	-23.3%
<i>Subtotal Other</i>	<i>\$53,897,743</i>	<i>\$67,395,252</i>	<i>(\$13,497,509)</i>	<i>-20.0%</i>
Total Expenditures	\$213,297,128	\$237,739,298	(\$24,442,170)	-10.3%

Expenditures for FY25 are projected to increase by 20.1% over FY24 actuals. Total payroll projections show an increase of \$20.3 million, or 12.7%, primarily due to the anticipation of filling vacancies and collective bargaining increases. Additionally, student hire budgets include an increase of \$473,000 or 14.6%, to provide students with opportunities to learn valuable job skills and contribute toward reducing educational expenses. The projected increase in scholarship expenditure of \$2.8 million, or 40.2%, is due to projected increased need for Hawai'i Promise and opportunity grants for FY25. The projected increase in Other Operating Expenses of \$19.4 million, or 53.8%, is primarily due to the need for campus funded R&M projects, as well as additional equipment purchases.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY25 Projected
Net Operating Income	\$3,059,194
Beginning Balance	\$199,844,916
Ending Balance	\$202,904,110
Operating Reserve (EP 8.210)	\$35,833,905
Debt Service Reserve (EP 2.212)	\$2,669,225
Repair and Replacement Reserve (EP 2.212)	\$370,171
Mandatory Reserves	\$0
Other Reserves	\$0
Balance Above Minimum Reserve After Adjustments	\$164,030,809

Other Reserve Requirements include debt service reserve payments for energy projects and facilities at Kapi'olani Community College (KapCC) and HawCC that were financed using revenue bonds. It also includes contributions toward a repair and replacement reserve fund that are required pursuant to EP 2.212.

TUITION AND FEES SPECIAL FUND

Revenues

FY 25 Projected	FY 24 Actual	FY25 Projected vs. FY24 Actual	%age
\$51,581,001	\$49,715,359	\$1,865,642	3.8%

FY 24 Actual	FY 24 Projected	FY24 Actual vs. FY24 Projected	%age
\$49,715,359	\$48,947,646	\$767,713	1.6%

TFSF revenues are projected to increase by \$1.9 million, or 3.8%. Please refer to the TFSF portion of the All Fund Summary for additional information.

Expenditures

Expenditure Category	FY 25 Budget	FY 24 Actual	FY25 Projected vs. FY24 Actual	%age
Regular Employee Payroll	\$5,755,743	\$4,555,696	\$1,200,047	26.3%
Lecturer Payroll	\$391,399	\$372,762	\$18,637	5.0%
Student Help Payroll	\$2,703,331	\$2,230,649	\$472,682	21.2%
Other Personnel	\$1,350,386	\$1,289,619	\$60,767	4.7%
<i>Subtotal Personnel</i>	<i>\$10,200,859</i>	<i>\$8,448,726</i>	<i>\$1,752,133</i>	<i>20.7%</i>
Utilities	\$4,783,492	\$2,978,370	\$1,805,122	60.6%
Scholarships, Tuition	\$3,135,183	\$1,197,735	\$1,937,448	161.8%
Other Operating Expenses	\$30,364,469	\$11,319,872	\$19,044,597	168.2%
<i>Subtotal Other</i>	<i>\$38,283,144</i>	<i>\$15,495,977</i>	<i>\$22,787,167</i>	<i>147.1%</i>
Total Expenditures	\$48,484,003	\$23,944,703	\$24,539,300	102.5%

Expenditure Category	FY 24 Actual	FY 24 Projected	FY24 Actual vs. FY24 Projected	%age
Regular Employee Payroll	\$4,555,696	\$4,003,489	\$552,207	13.8%
Lecturer Payroll	\$372,762	\$402,790	(\$30,028)	-7.5%
Student Help Payroll	\$2,230,649	\$2,296,685	(\$66,036)	-2.9%
Other Personnel	\$1,289,619	\$1,163,607	\$126,012	10.8%
<i>Subtotal Personnel</i>	<i>\$8,448,726</i>	<i>\$7,866,571</i>	<i>\$582,155</i>	<i>7.4%</i>
Utilities	\$2,978,370	\$6,270,864	(\$3,292,494)	-52.5%
Scholarships, Tuition	\$1,197,735	\$2,664,182	(\$1,466,447)	-55.0%
Other Operating Expenses	\$11,319,872	\$25,987,165	(\$14,667,293)	-56.4%
<i>Subtotal Other</i>	<i>\$15,495,977</i>	<i>\$34,922,211</i>	<i>(\$19,426,234)</i>	<i>-55.6%</i>
Total Expenditures	\$23,944,703	\$42,788,782	(\$18,844,079)	-44.0%

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (TFSF)	FY25 Projected
Net Operating Income	(\$2,717,320)
Beginning Balance	\$143,274,654
Ending Balance	\$140,557,334
Other Reserve Requirements (R&R, Bond)	\$3,039,396
Revised Ending Balance	\$137,517,938
Operating Reserve Requirement (16%)	\$33,430,280
Balance Above Minimum Reserve After Adjustments	\$104,087,658

Other Reserve Requirements include debt service reserve payments for energy projects and facilities at KapCC and HawCC that were financed using revenue bonds. Also included are contributions toward the repair and replacement reserve fund required pursuant to EP 2.212.

Systemwide Administration

Introduction

The UH Systemwide Administration (System) is committed to providing the vision, leadership, and stewardship needed to enable the ten UH campuses to advance missions that promote distinctive pathways to excellence, differentially emphasizing 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 61 offices and programs that include 416 appropriated General Funds, 24 Special Funds, 4 Federal Funds, and 15 Revolving Fund permanent Full Time Equivalent (FTE) positions.

In FY24, System offices embarked on several strategic projects that aligned with the new Strategic plan and will continue financial support in FY25 towards these investments. Investments made in the Kuleana imperative include creating the new office of Hawai'i Papa O Ke Ao (HPOKA) under the President's Office that includes representatives of each campus to develop, implement and assess strategic actions to make the UH a leader in indigenous education. A Director for HPOKA was created and filled. The Office of the Vice President for Academic Strategies (OVPAS) has engaged in work over the past few years to better reflect our disaggregated student data by race. Hawai'i's demographics include many students who do not identify as a single race and so reporting on race includes decisions regarding which category will be given priority. Better understanding the demographics of our student body and who is underrepresented when compared to the population as a whole can help us target our equity efforts intentionally. Additionally, these disaggregated categories are being used to help us engage in faculty professional development to ensure equity and inclusion in the classroom. Using funding from a Lumina grant, OVPAS has developed a faculty learning community program that will focus on disaggregated data in the classroom to enhance student success for our NH students.

OVPAS has taken lead responsibility around numerous aspects of the Student Success imperative. Substantial funding has been allocated towards enhancing student basic needs and streamlining transfer and articulation. OVPAS has re-established the University Council on Articulation in order to review and improve transfer pathways and processes. The office has partnered with the UH Bookstore and Data Governance Office to improve and expand the Interactive Digital Access Program (IDAP), which helps ensure that third-party vendors providing digital course materials to UH students are complying with UH policies designed to safeguard student data privacy and usage.

In collaboration with the Office of the Vice President for Information Technology (OVPIT), OVPAS has revamped Student Participation Verification, not only to simplify the

process for instructors and ensure compliance with federal regulations, but also to promote student participation verification as a facet of UH's student success efforts.

The Cross-Campus Course Sharing (C3S) initiative, now in its third semester, provides students across the ten campuses with access to seats in select courses at reduced tuition rates and without the additional burden of paying additional student fees at the campus offering the C3S course. C3S is designed to support transfer pathways while increasing educational opportunities available to UH students and promoting resource optimization by making use of vacant class seats.

OVPAS partnered with the OVPIT to form UH's first Artificial Intelligence Strategy Council in 2024, in order to make policy recommendations and help position the UH to thrive in the rapidly evolving AI landscape. OVPAS has also taken the lead on UH's participation in a national Equity Action Framework sponsored by the National Association of Higher Education Systems (NASH) that will allow UH to champion practices and processes that embrace the full diversity of UH students and foster a supportive learning environment. Finally, OVPIT is implementing a new online learning management system—Lamakū (by D2L/Brightspace) to replace Laulima (Sakai) in the upcoming academic year. OVPIT Information Security office leads security efforts to build infrastructure at UH boundaries, both external facing as well as related to the security of our enterprise systems that serve all students, faculty and staff.

System's commitment to the Workforce Development imperative includes hiring a Director of Workforce Development to help facilitate systemwide initiatives around workforce development. Other projects underway utilizes private funding to help support our internship initiative and have worked collaboratively with the UH Career Center and ITS to provide the funding to design and refresh the online job board SECE.

Through a grant from the Strada Education Foundation, OVPAS has partnered with the UH Office of Alumni Relations to develop an internship initiative that features a number of internship meet-and-greet events designed to connect alumni/employers, students, and faculty from select disciplines that align with specific career fields. Following consultation with a broad array of interested stakeholders, OVPAS has developed a new policy on micro-credentials that will enable faculty to devise small units of study, focused on the attainment of target skills rather than credits and tailored to specific workforce needs. OVPAS is currently helping chief academic officers prepare for implementation of campus-specific processes and the creation of micro-credentials during the 2024-25 academic year.

Lastly, to diversify the state's economy by building and sustaining a thriving UH research and innovation enterprise that addresses local and global challenges, the OVPRI has been incorporating multi-disciplinary, multi-unit, system-wide research initiatives and programs that are uniquely intertwined with the objectives of the other imperatives to advance and promote workforce development, student success and indigenous knowledge/innovation.

Some examples of initiatives and programs being developed are: Biosecurity Control and Management, Blue Economy Innovation and Entrepreneurship Partnership with the University of Alaska Fairbanks and University of Rhode Island, Geothermal Energy Surveys and Assessments with the state's High Technology Development Corporation, Indigenous Center for Circular Economy & Justice, Ke Ō Mau Center for Sustainable Island Food Systems, NH and other

Pacific Islander Health, Red Hill Independent Health Registry, and the Space Sciences and Engineering Initiative.

**BUDGET SUMMARY
ALL FUNDS**

Revenues

Type of Fund	FY25 Projected	FY24 Actual	FY25 Proj. vs. FY24 Actual	%age
General Funds	\$64,470,008	\$58,905,626	\$5,564,382	9.4%
Tuition & Fees	\$15,453,500	\$15,708,115	(\$254,615)	-1.6%
RTRF	\$18,250,000	\$23,055,748	(\$4,805,748)	-20.8%
Other Special Funds	\$5,164,158	\$5,559,521	(\$395,363)	-7.1%
Other Revolving Funds	\$1,015,657	\$327,501	\$688,156	210.1%
Appropriated Federal Funds	\$3,867,000	\$3,781,371	\$85,629	2.3%
Total Revenues	\$108,220,323	\$107,337,882	\$882,441	0.8%

Type of Fund	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Proj.	%age
General Funds	\$58,905,626	\$61,920,181	(\$3,014,555)	-4.9%
Tuition & Fees	\$15,708,115	\$8,505,100	\$7,203,015	84.7%
RTRF	\$23,055,748	\$19,055,583	\$4,000,165	21.0%
Other Special Funds	\$5,559,521	\$5,080,214	\$479,307	9.4%
Other Revolving Funds	\$327,501	\$896,479	(\$568,978)	-63.5%
Appropriated Federal Funds	\$3,781,371	\$4,342,000	(\$560,629)	-12.9%
Total Revenues	\$107,337,882	\$99,799,557	\$7,538,325	7.6%

Total System revenue is projected to trend slightly higher than last year primarily due to increases for General and Other Revolving Funds. The General Fund increase is due to six additional positions for Mental Health and collective bargaining augmentation. Other Revolving Funds is projecting a slight increase due to the growing purchasing card program.

TFSF revenues are projected to remain flat. The slight decrease in Other Special Funds projection is partially due to additional funds for SRRC money received from RCUH in FY24. The decrease in RTRF is mainly due to the expiration of federal relief funds such as HEERF and other COVID-19 related awards.

Expenditures

Expenditure Category	FY25 Projected	FY24 Actual	FY25 Proj. vs. FY24 Actual	%age
Regular Employee Payroll	\$51,207,097	\$50,268,985	\$938,112	1.9%
Lecturer Payroll	\$0	\$0	\$0	-
Student Help Payroll	\$1,585,500	\$1,619,938	(\$34,438)	-2.1%
Other Personnel	\$732,364	\$630,583	\$101,781	16.1%
<i>Subtotal Personnel</i>	<i>\$53,524,961</i>	<i>\$52,519,506</i>	<i>\$1,005,455</i>	<i>1.9%</i>
Utilities	\$1,584,238	\$1,546,637	\$37,601	2.4%
Scholarships, Tuition	\$3,000,000	\$3,002,235	(\$2,235)	-0.1%
Other Operating Expenses	\$50,693,014	\$49,380,779	\$1,312,235	2.7%
<i>Subtotal Other</i>	<i>\$55,277,252</i>	<i>\$53,929,651</i>	<i>\$1,347,601</i>	<i>2.5%</i>
Total Expenditures	\$108,802,213	\$106,449,157	\$2,353,056	2.2%

Expenditure Category	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Proj.	%age
Regular Employee Payroll	\$50,268,985	\$47,309,393	\$2,959,592	6.3%
Lecturer Payroll	\$0	\$0	\$0	-
Student Help Payroll	\$1,619,938	\$1,732,169	(\$112,231)	-6.5%
Other Personnel	\$630,583	\$1,098,667	(\$468,084)	-42.6%
<i>Subtotal Personnel</i>	<i>\$52,519,506</i>	<i>\$50,140,229</i>	<i>\$2,379,277</i>	<i>4.7%</i>
Utilities	\$1,546,637	\$1,636,577	(\$89,940)	-5.5%
Scholarships, Tuition	\$3,002,235	\$3,000,000	\$2,235	0.1%
Other Operating Expenses	\$49,380,779	\$50,430,119	(\$1,049,340)	-2.1%
<i>Subtotal Other</i>	<i>\$53,929,651</i>	<i>\$55,066,696</i>	<i>(\$1,137,045)</i>	<i>-2.1%</i>
Total Expenditures	\$106,449,157	\$105,206,925	\$1,242,232	1.2%

Personnel costs show a slight increase due to already agreed upon collective bargaining increases, six additional General Funded positions for Mental Health services appropriated in the budget, and additional funds to cover non-General Fund temporary hazard pay.

Other Operating expenses will increase primarily due to the Strategic investments that support the UH's strategic imperatives this year. The overall increase is in line with an assumed 2% inflation rate for operating expenses.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY25 Projected
Net Operating Income	\$4,120,688
Beginning Balance	\$68,934,006
Ending Balance	\$73,054,694
Operating Reserve (EP 8.210)	\$12,358,400
Debt Service Reserve (EP 2.212)	\$1,744,360
Repair and Replacement Reserve (EP 2.212)	\$5,722,309
Mandatory Reserves	\$0
Other Reserves	\$14,000,000
Balance Above Minimum Reserve After Adjustments	\$39,229,625

Net operating income is projected to be positive by continued diligence of keeping operating expenditures in check for this fiscal year, and to maximize carryover cash balances to fund System strategic imperatives identified in the final UH Strategic Plan. This translates to reserves of approximately six months of operating expenses. System reserves are necessary and critical to respond quickly to local, national, and global impacts on our economy to assure critical central services can continue for the short run.

Other reserve requirements include \$3 million for the annual payment to the UH Foundation, \$5 million in the Risk Management special fund for self-insurance, \$1.5 million in the IT Special Fund for ongoing operational cost and building maintenance, \$3 million for B+ scholarships for ensuing academic year, and \$1.5 million in the Revenue Undertaking Fund by bond covenants.

GENERAL FUNDS

Because System offices do not directly serve students and therefore do not collect tuition, they must rely predominantly on General Funds for both salary and operating costs. Based on the current budget allocation from State Budget and Finance, and the restoration of the General Funds cut, System programs will be able to operate closer to pre-pandemic levels.

Legislative appropriations for specific initiatives in the System budget, will continue to be disseminated to the campuses. In FY25, 9.2% or \$5.96 million of the General Fund budget will be transferred to the campuses for scholarships and other program expenses. The newly appropriated Mental Health Counselors will probably be transferred to various campuses after a plan for these positions are finalized. The appropriation for Na Pua Noeau was approved to be transferred to the campuses in Act 230, Session Laws of Hawai'i 2024, and therefore does not have to be accounted for in our FY25 budget and here forward. 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 11.5% or \$7.41 million of the General Fund budget is in fact spent by the campuses rather than System operations.

General Fund Transfers	FY25 Budget	FY24 Actual	FY25 Budget vs. FY24 Actual	%age
Performance Funding	\$1,932,165	\$3,076,389	(\$1,144,224)	-37.2%
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	\$0	\$322,242	(\$322,242)	-100.0%
Student Affairs	\$219,000	\$187,000	\$32,000	17.1%
SEED	\$6,697	\$6,697	\$0	-
<i>Total Transfers</i>	<i>\$5,957,862</i>	<i>\$7,392,328</i>	<i>(\$1,434,466)</i>	<i>-19.4%</i>
WICHE	\$1,447,465	\$1,445,426	\$2,039	0.1%
Grand Total	\$7,405,327	\$8,837,754	(\$1,432,427)	-16.2%

TUITION AND FEES SPECIAL FUND

Revenues

FY25 Projected	FY24 Actual	FY25 Proj. vs. FY24 Actual	%age
\$15,453,500	\$15,708,115	(\$254,615)	-1.6%

FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Proj.	%age
\$15,708,115	\$8,505,100	\$7,203,015	84.7%

TFSF revenues in System are not from student tuition but rather through fees from Late Registration and the Tuition payment plan, interest income, and applications for use of UH facilities for commercial filming. In the last two fiscal years, interest income has soared due to the rapid increase and sustained Federal interest rates. Along with increased reserve balances to comply with the Board reserve policy, these are the driving factors of System's TFSF revenue growth. Since July 2023, interest rates have remained unchanged until recently, so System is projecting no significant changes for FY25.

Expenditures

Expenditure Category	FY25 Projected	FY24 Actual	FY25 Proj. vs. FY24 Actual	%age
Regular Employee Payroll	\$2,436,673	\$1,881,396	\$555,277	29.5%
Lecturer Payroll	\$0	\$0	\$0	-
Student Help Payroll	\$1,905	\$1,905	(\$0)	0.0%
Other Personnel	\$65,364	\$67,995	(\$2,631)	-3.9%
<i>Subtotal Personnel</i>	<i>\$2,503,942</i>	<i>\$1,951,296</i>	<i>\$552,646</i>	<i>28.3%</i>
Utilities	\$312,143	\$322,480	(\$10,337)	-3.2%
Scholarships, Tuition	\$0	\$0	\$0	0.0%
Other Operating Expenses	\$12,000,046	\$7,974,064	\$4,025,982	50.5%
<i>Subtotal Other</i>	<i>\$12,312,189</i>	<i>\$8,296,544</i>	<i>\$4,015,645</i>	<i>48.4%</i>
Total Expenditures	\$14,816,131	\$10,247,840	\$4,568,291	44.6%

Expenditure Category	FY24 Actual	FY24 Projected	FY24 Actual vs. FY24 Proj.	%age
Regular Employee Payroll	\$1,881,396	\$956,705	\$924,691	96.7%
Lecturer Payroll	\$0	\$0	\$0	-
Student Help Payroll	\$1,905	\$0	\$1,905	-
Other Personnel	\$67,995	\$92,597	(\$24,602)	-26.6%
<i>Subtotal Personnel</i>	<i>\$1,951,296</i>	<i>\$1,049,302</i>	<i>\$901,994</i>	<i>86.0%</i>
Utilities	\$322,480	\$241,610	\$80,870	33.5%
Scholarships, Tuition	\$0	\$0	⌘ \$0	-
Other Operating Expenses	\$7,974,064	\$12,011,574	(\$4,037,510)	-33.6%
<i>Subtotal Other</i>	<i>\$8,296,544</i>	<i>\$12,253,184</i>	<i>(\$3,956,640)</i>	<i>-32.3%</i>
Total Expenditures	\$10,247,840	\$13,302,486	(\$3,054,646)	-23.0%

The increase in Personnel expense is primarily due to the anticipated payment of non-General Funds temporary hazard pay.

In an effort to support the success of the UH's Strategic Imperatives, one-time investments in technology infrastructure and software to streamline and improve processes and efficiency will be made. There are plans to also invest in technology transfer, sustainable stewardship of natural and cultural resources, and long-range planning for the University Avenue Ewa parcel. All investments are anticipated to be covered by projected revenue for the year.

Net Operating Income

Net Operating Income (TFSF)	FY25 Projected
Net Operating Income	\$7,816,339
Beginning Balance	\$38,703,584
Ending Balance	\$46,519,923
Other Reserve Requirements (IT debt service, UHF payment)	\$5,000,000
Revised Ending Balance	\$41,519,923
Reserve Requirement (16% Minimum)	\$9,224,733
Balance Above Minimum Reserve After Adjustments	\$32,295,190

RESERVES

In 2015, the Legislature passed Act 236 which annually requires moneys from each campus's TFSF account to lapse to the credit of System. As a result, System begins FY25 with campus reserves of \$43.5 million. All campuses now have reached the minimum reserves as required by Board policy.

Systemwide reserves are above the minimum reserve requirement of 16%. Keeping System reserves above the required Board policy is purposeful as we are dependent on predominantly interest income as TFSF funds. As discussed earlier, our revenue is vulnerable and fluctuates with the Federal interest rates. Systemwide reserves are able to address unforeseen expenses in the year, and to allow funding of strategic initiatives.