



Multi-Year Financial Forecast

March 5, 2020

Committee on Budget and Finance



Overview

- In the aggregate, the University's fiscal health is positive.
 - Individual funds (by campus) may exhibit short-term weakness.
 - One-time expenditures are shown on their own line.
- Expect iterative refinements over course of six-year plan as evolutions to the forecast.
- Allows Board and Administration to plan, anticipate, and account for significant expenditures or future events – and, determine strategies for overall long-term fiscal stability.



Assumptions

- Based off of Institutional Research, Analysis, and Planning Office (IRAPO) Multi-Year Enrollment Planning presentation (Board of Regents, November 2019).
- Uses current tuition rate schedule as approved by the Board (through FY23).
- Assumes RTRF Revenue increases by 1% per year.
- Assumes current collective-bargaining schedules and current negotiated rates.
- Assumes no increases in General Funds appropriations (base FY20) and no Performance Funding distribution to campuses.
- Deviations from above assumptions for individual campuses identified in each campus' section.



Mānoa

- Expenditures exceed revenues for FY21 through FY23. Revenues exceed expenditures beginning in FY24.
- Tuition and Fees Special Fund (TFSF) does not have operating deficits throughout this planning period. Mānoa is planning on beginning contributions to the 5% central reserve for TFSF beginning in FY23 and will reach the full reserve amount by the end of FY25.
- Fiscal imbalances are largely the result of Other Special Funds category, primarily attributable to Athletics, Cancer Center, Student Housing, and Campus Center.
 - Athletics and Cancer Center are working to correct structural deficits.
 - Student Housing and Student Life and Development have multiple one-time projects throughout this period but have sufficient fund balances to cover these projects.



Mānoa *(continued)*

- Uses IRAPO Targets for Enrollment Management plus \$200K (and 10% annual increase) for on-line programs beginning in FY22.
- RTRF revenue growth forecast at 2% instead of 1%.
- 8.5% decrease in TFSF non-personnel for FY21 to reflect management of available resources followed by 5% increases in FY22 and FY23.
- Other SF revenues increases in Athletics (game guarantees), Student Housing (rate increases and dorms returning on-line) and Student Life and Development (dining concessions contract).



Hilo

- Uses IRAPO projection plus 2% increase for Summer Session.
- RTRF Revenue forecast for 2% growth instead of 1%.
- FY20 one-time expenditures:
 - \$2.4 million from TFSF for carry-over commitments, financial aid retention through employment, aeronautical B.S. startup costs, and national recruitment of executive positions
 - \$200K from RTRF
 - \$200K from Student Activities Revolving Fund
 - \$100K from Hawaiian Language College Revolving Fund
- One-time expenditures from Student Life Center Revolving Fund and Revenue Undertaking Special Fund:
 - \$100K in FY22 and \$300k in FY25 for Student Housing repairs and replacement projects
 - \$300K in FY23 for AC replacement at Student Life Center



West O'ahu

- Aside from FY20, revenues exceed expenditures for every year of this forecast
- FY20 one-time payment of \$1.7 million to Board of Water Supply for retroactive sewer costs.
- Enrollment projection – slight (0.2%) increase over IRAPO targets based on regional population growth, increased high school graduation, and recruitment and retention strategies (Early College, returning adults, etc.)



Community Colleges

- Stable financial forecast with revenues nearly equaling expenditures for most years.
- One-time expenditures of \$3.0 million from TFSF in FY20 for repairs and maintenance and classroom upgrades. Otherwise, TFSF forecast has no fiscal imbalance and uses IRAPO targets.
- Fiscal imbalance of \$210K per year attributable solely to RTRF which is a result of a multi-year plan to improve research infrastructure at certain campuses.



Systemwide Administration

- Stable and steady forecast with no significant increases in expenditures or revenues.
- Flat TFSF revenue projections.
- One-time expenditures:
 - \$1 million from TFSF in FY20 for real estate
 - \$900K from RTRF in FY20 for new server hardware
 - \$1.1 million from ITS fund in FY20 for maintenance costs
 - \$1 million from ITS fund in FY22 for computer upgrades
 - \$1 million from TFSF in FY22 for computer upgrades
 - \$1 million from RTRF in FY24 for ITS upgrades



Conclusion

- Overall long-term fiscal health is favorable. Planned one-time expenditures may create a temporary fiscal imbalance.
- Six years is a long window. Need to anticipate need for changes and revisions that will occur over that time.
- Base assumptions and environmental changes will necessitate constant revision.
- Inventory of milestones that will alter financial plan:
 - Level of Legislative appropriations (General Funds in budget)
 - FY21 spending plan creation
 - Achieving enrollment targets
 - Corresponding enrollment rates and tuition revenues
 - Campuses accommodating increases in fiscal operations
 - Capital Improvement Projects (CIP) plan and debt service

University of Hawai'i
Multi-Year Financial Forecast 2019-2025

	<u>Actual</u> <u>2018-2019</u>	<u>Projected</u> <u>2019-2020</u>	<u>Projected</u> <u>2020-2021</u>	<u>Projected</u> <u>2021-2022</u>	<u>Projected</u> <u>2022-2023</u>	<u>Projected</u> <u>2023-2024</u>	<u>Projected</u> <u>2024-2025</u>
Beginning Balance	327.8	343.0	312.9	305.4	297.8	296.8	302.1
Revenue							
General Fund Appropriation	501.3	512.8	515.7	515.7	515.7	515.7	515.7
Tuition and Fees	339.3	330.7	327.9	330.7	334.3	339.4	345.1
Research & Training RF	42.8	59.8	52.8	53.8	54.6	55.6	56.4
Other Special Funds	126.4	127.2	132.5	136.2	137.8	141.4	144.9
Other Revolving Funds	36.2	33.7	33.8	33.9	33.9	34.0	34.0
Appropriated Federal	8.9	9.1	9.1	9.1	9.1	9.1	9.1
<i>Total Revenues</i>	<i>1,054.9</i>	<i>1,073.4</i>	<i>1,071.8</i>	<i>1,079.4</i>	<i>1,085.3</i>	<i>1,095.2</i>	<i>1,105.4</i>
Expenditures							
Regular Employee	614.3	629.5	631.7	631.8	631.9	632.0	632.2
Lecturer Payroll	40.1	37.4	37.8	37.8	37.8	37.8	37.8
Student Help Payroll	20.0	20.7	20.7	20.7	20.8	20.8	20.8
Other Personnel	16.4	17.6	17.3	17.3	17.2	17.2	17.3
<i>Subtotal Personnel</i>	<i>690.8</i>	<i>705.3</i>	<i>707.6</i>	<i>707.7</i>	<i>707.7</i>	<i>707.9</i>	<i>708.0</i>
Utilities	68.5	73.4	74.0	75.5	76.9	78.4	80.1
Scholarships, Stipends	63.3	64.2	64.4	64.8	65.3	65.8	66.3
Operating Maintenance	17.5	24.7	22.7	25.3	21.6	21.2	20.8
Other Non-Personnel	187.0	189.9	182.3	182.0	188.6	187.4	190.0
Debt Service	39.3	41.5	43.9	44.0	44.0	44.0	43.9
Transfers-out	(26.7)	(26.9)	(22.6)	(22.5)	(21.5)	(22.9)	(22.6)
<i>Total Expenditures</i>	<i>1,039.7</i>	<i>1,072.1</i>	<i>1,072.2</i>	<i>1,076.7</i>	<i>1,082.6</i>	<i>1,081.8</i>	<i>1,086.5</i>
Revenues less Expenditures	15.2	1.3	(0.3)	2.7	2.7	13.4	18.9
INFO: Planned Non-Recurring Exp	-	31.4	7.2	10.3	3.7	8.0	3.3
Ending Balance	343.0	312.9	305.4	297.8	296.8	302.1	317.7
5% Reserve Target	51.6	54.6	53.3	53.7	53.7	53.9	53.9

in \$ millions

University of Hawai'i at Mānoa
Multi-Year Financial Forecast 2019-2025

	<u>Actual</u> <u>2018-2019</u>	<u>Projected</u> <u>2019-2020</u>	<u>Projected</u> <u>2020-2021</u>	<u>Projected</u> <u>2021-2022</u>	<u>Projected</u> <u>2022-2023</u>	<u>Projected</u> <u>2023-2024</u>	<u>Projected</u> <u>2024-2025</u>
Beginning Balance	210.6	215.4	197.6	185.7	176.9	172.8	175.4
Revenue							
General Fund Appropriation	253.0	252.5	252.5	252.5	252.5	252.5	252.5
Tuition and Fees	222.9	217.2	215.4	217.4	220.2	224.4	229.1
Research & Training RF	23.7	39.4	32.1	32.8	33.4	34.1	34.8
Other Special Funds	96.5	96.4	101.5	104.7	106.0	109.1	112.3
Other Revolving Funds	30.0	28.0	28.0	27.9	27.8	27.9	27.8
Appropriated Federal	5.0	5.2	5.2	5.2	5.2	5.2	5.2
<i>Total Revenues</i>	<i>631.1</i>	<i>638.8</i>	<i>634.8</i>	<i>640.6</i>	<i>645.2</i>	<i>653.2</i>	<i>661.7</i>
Expenditures							
Regular Employee	368.3	376.0	375.5	375.5	375.5	375.5	375.5
Lecturer Payroll	10.8	10.2	10.2	10.2	10.2	10.2	10.2
Student Help Payroll	11.3	12.0	12.0	12.0	12.0	12.0	12.0
Other Personnel	6.7	9.0	9.0	9.0	9.0	9.0	9.0
<i>Subtotal Personnel</i>	<i>397.1</i>	<i>407.1</i>	<i>406.7</i>	<i>406.7</i>	<i>406.7</i>	<i>406.7</i>	<i>406.7</i>
Utilities	49.8	51.0	52.7	53.8	54.8	55.9	57.1
Scholarships, Stipends	39.1	41.8	42.0	42.2	42.5	42.8	43.0
Operating Maintenance	10.8	16.6	15.7	18.3	14.6	14.2	13.9
Other Non-Personnel	115.3	108.5	103.0	102.2	108.4	106.4	108.4
Debt Service	29.0	31.1	33.6	33.7	33.7	33.7	33.6
Transfers-out	(14.8)	(19.5)	(14.1)	(15.7)	(14.7)	(16.1)	(15.8)
<i>Total Expenditures</i>	<i>626.2</i>	<i>636.6</i>	<i>639.5</i>	<i>641.2</i>	<i>645.9</i>	<i>643.6</i>	<i>646.9</i>
Revenues less Expenditures	4.9	2.2	(4.7)	(0.6)	(0.7)	9.6	14.8
INFO: Planned Non-Recurring Exp		20.0	7.2	8.2	3.4	7.0	3.0
Ending Balance	215.4	197.6	185.7	176.9	172.8	175.4	187.3
5% Reserve Target	31.1	32.6	32.1	32.2	32.2	32.3	32.3
Reserve Held at System (TFSF)	-	-	-	-	4.7	14.2	23.6

in \$ millions

University of Hawai'i at Hilo
Multi-Year Financial Forecast 2019-2025

	<u>Actual</u> <u>2018-2019</u>	<u>Projected</u> <u>2019-2020</u>	<u>Projected</u> <u>2020-2021</u>	<u>Projected</u> <u>2021-2022</u>	<u>Projected</u> <u>2022-2023</u>	<u>Projected</u> <u>2023-2024</u>	<u>Projected</u> <u>2024-2025</u>
Beginning Balance	25.2	29.5	26.6	27.0	27.5	27.6	28.0
Revenue							
General Fund Appropriation	38.0	38.0	38.5	38.5	38.5	38.5	38.5
Tuition and Fees	34.3	32.2	32.6	32.5	32.3	32.2	32.1
Research & Training RF	2.3	2.5	2.6	2.7	2.7	2.8	2.8
Other Special Funds	8.4	8.9	9.0	9.3	9.4	9.6	9.8
Other Revolving Funds	2.1	2.0	2.0	2.1	2.1	2.2	2.2
Appropriated Federal	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<i>Total Revenues</i>	<i>85.4</i>	<i>83.9</i>	<i>85.0</i>	<i>85.4</i>	<i>85.3</i>	<i>85.6</i>	<i>85.7</i>
Expenditures							
Regular Employee	44.0	45.4	46.1	46.1	46.1	46.1	46.1
Lecturer Payroll	2.5	2.4	2.3	2.3	2.3	2.3	2.3
Student Help Payroll	2.3	2.5	2.5	2.5	2.5	2.5	2.5
Other Personnel	1.7	1.7	1.4	1.4	1.3	1.3	1.3
<i>Subtotal Personnel</i>	<i>50.5</i>	<i>52.0</i>	<i>52.3</i>	<i>52.3</i>	<i>52.2</i>	<i>52.2</i>	<i>52.2</i>
Utilities	4.9	5.8	5.9	6.0	6.1	6.2	6.4
Scholarships, Stipends	7.2	7.2	7.4	7.5	7.7	7.8	7.9
Operating Maintenance	1.0	1.2	1.2	1.2	1.2	1.2	1.1
Other Non-Personnel	15.8	15.4	15.2	15.2	15.1	15.2	15.1
Debt Service	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Transfers-out	0.1	0.7	1.0	1.0	1.0	1.0	1.0
<i>Total Expenditures</i>	<i>81.1</i>	<i>83.9</i>	<i>84.6</i>	<i>84.8</i>	<i>84.9</i>	<i>85.2</i>	<i>85.3</i>
Revenues less Expenditures	4.3	-	0.4	0.6	0.4	0.4	0.4
INFO: Planned Non-Recurring Exp		2.9		0.1	0.3		0.3
Ending Balance	29.5	26.6	27.0	27.5	27.6	28.0	28.1
5% Reserve Target	4.0	4.3	4.2	4.2	4.2	4.2	4.2

in \$ millions

University of Hawai'i at West O'ahu
Multi-Year Financial Forecast 2019-2025

	<u>Actual</u> <u>2018-2019</u>	<u>Projected</u> <u>2019-2020</u>	<u>Projected</u> <u>2020-2021</u>	<u>Projected</u> <u>2021-2022</u>	<u>Projected</u> <u>2022-2023</u>	<u>Projected</u> <u>2023-2024</u>	<u>Projected</u> <u>2024-2025</u>
Beginning Balance	11.7	14.0	10.4	10.6	10.9	11.3	11.9
Revenue							
General Fund Appropriation	16.4	18.3	18.6	18.6	18.6	18.6	18.6
Tuition and Fees	17.9	18.3	18.6	19.0	19.3	19.7	20.1
Research & Training RF	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other Special Funds	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Other Revolving Funds	0.9	0.9	0.9	0.9	0.9	0.9	1.0
Appropriated Federal	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<i>Total Revenues</i>	<i>35.9</i>	<i>38.1</i>	<i>38.6</i>	<i>39.0</i>	<i>39.4</i>	<i>39.8</i>	<i>40.2</i>
Expenditures							
Regular Employee	21.2	21.4	21.5	21.6	21.7	21.8	22.0
Lecturer Payroll	2.7	2.7	2.7	2.7	2.7	2.8	2.8
Student Help Payroll	0.7	0.6	0.6	0.6	0.7	0.7	0.7
Other Personnel	0.4	0.4	0.4	0.4	0.5	0.5	0.5
<i>Subtotal Personnel</i>	<i>25.0</i>	<i>25.2</i>	<i>25.3</i>	<i>25.4</i>	<i>25.6</i>	<i>25.7</i>	<i>25.9</i>
Utilities	1.0	3.7	2.3	2.3	2.4	2.4	2.5
Scholarships, Stipends	2.1	2.6	2.6	2.6	2.6	2.6	2.6
Operating Maintenance	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other Non-Personnel	2.3	4.1	3.6	3.7	3.8	3.8	3.9
Debt Service	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Transfers-out	(1.2)	0.0	0.2	0.2	0.2	0.2	0.2
<i>Total Expenditures</i>	<i>33.6</i>	<i>40.0</i>	<i>38.4</i>	<i>38.7</i>	<i>38.9</i>	<i>39.2</i>	<i>39.5</i>
Revenues less Expenditures	2.3	(1.9)	0.2	0.3	0.4	0.6	0.7
INFO: Planned Non-Recurring Exp		1.7					
Ending Balance	14.0	10.4	10.6	10.9	11.3	11.9	12.5
5% Reserve Target	1.7	2.1	1.9	1.9	1.9	1.9	2.0

in \$ millions

University of Hawai'i Community Colleges
Multi-Year Financial Forecast 2019-2025

	<u>Actual</u> <u>2018-2019</u>	<u>Projected</u> <u>2019-2020</u>	<u>Projected</u> <u>2020-2021</u>	<u>Projected</u> <u>2021-2022</u>	<u>Projected</u> <u>2022-2023</u>	<u>Projected</u> <u>2023-2024</u>	<u>Projected</u> <u>2024-2025</u>
Beginning Balance	49.6	52.6	49.6	49.4	49.2	49.0	48.8
Revenue							
General Fund Appropriation	138.2	150.0	152.0	152.0	152.0	152.0	152.0
Tuition and Fees	61.1	59.9	58.3	58.8	59.4	60.1	60.8
Research & Training RF	1.5	2.0	2.0	2.0	2.1	2.1	2.1
Other Special Funds	17.5	16.8	17.0	17.2	17.3	17.5	17.7
Other Revolving Funds	1.8	1.7	1.8	1.8	1.8	1.8	1.8
Appropriated Federal	2.8	2.7	2.7	2.7	2.7	2.7	2.7
<i>Total Revenues</i>	<i>222.9</i>	<i>233.2</i>	<i>233.8</i>	<i>234.6</i>	<i>235.4</i>	<i>236.2</i>	<i>237.2</i>
Expenditures							
Regular Employee	140.4	141.4	143.1	143.1	143.1	143.1	143.1
Lecturer Payroll	24.0	22.1	22.6	22.6	22.6	22.6	22.6
Student Help Payroll	4.7	4.5	4.5	4.5	4.5	4.5	4.5
Other Personnel	2.7	2.6	2.6	2.6	2.6	2.6	2.6
<i>Subtotal Personnel</i>	<i>171.7</i>	<i>170.6</i>	<i>172.8</i>	<i>172.8</i>	<i>172.8</i>	<i>172.8</i>	<i>172.8</i>
Utilities	11.5	11.6	11.9	12.1	12.4	12.6	12.9
Scholarships, Stipends	7.6	8.2	8.0	8.1	8.1	8.2	8.2
Operating Maintenance	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Other Non-Personnel	25.3	33.1	32.1	32.6	33.1	33.7	34.3
Debt Service	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Transfers-out	(4.0)	2.0	1.5	1.5	1.5	1.5	1.5
<i>Total Expenditures</i>	<i>219.9</i>	<i>233.2</i>	<i>234.0</i>	<i>234.8</i>	<i>235.6</i>	<i>236.4</i>	<i>237.4</i>
Revenues less Expenditures	3.0	0.0	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
INFO: Planned Non-Recurring Exp		3.0					
Ending Balance	52.6	49.6	49.4	49.2	49.0	48.8	48.6
5% Reserve Target	11.0	11.8	11.7	11.7	11.8	11.8	11.9

in \$ millions

University of Hawai'i Systemwide Administration
Multi-Year Financial Forecast 2019-2025

	<u>Actual</u> <u>2018-2019</u>	<u>Projected</u> <u>2019-2020</u>	<u>Projected</u> <u>2020-2021</u>	<u>Projected</u> <u>2021-2022</u>	<u>Projected</u> <u>2022-2023</u>	<u>Projected</u> <u>2023-2024</u>	<u>Projected</u> <u>2024-2025</u>
Beginning Balance	30.8	31.5	28.7	32.7	33.3	36.0	38.0
Revenue							
General Fund Appropriation	55.7	54.1	54.1	54.1	54.1	54.1	54.1
Tuition and Fees	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Research & Training RF	15.0	15.7	15.8	16.0	16.2	16.3	16.5
Other Special Funds	3.7	4.8	4.8	4.9	4.9	4.9	5.0
Other Revolving Funds	1.4	1.1	1.2	1.2	1.2	1.2	1.2
Appropriated Federal	0.7	0.7	0.7	0.7	0.7	0.7	0.8
<i>Total Revenues</i>	<i>79.6</i>	<i>79.4</i>	<i>79.7</i>	<i>79.9</i>	<i>80.1</i>	<i>80.3</i>	<i>80.6</i>
Expenditures							
Regular Employee	40.4	45.4	45.4	45.4	45.4	45.4	45.4
Lecturer Payroll	0.1	-	-	-	-	-	-
Student Help Payroll	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Other Personnel	4.9	3.9	3.9	3.9	3.9	3.9	3.9
<i>Subtotal Personnel</i>	<i>46.5</i>	<i>50.5</i>	<i>50.5</i>	<i>50.5</i>	<i>50.5</i>	<i>50.5</i>	<i>50.5</i>
Utilities	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Scholarships, Stipends	7.4	4.4	4.4	4.4	4.4	4.4	4.4
Operating Maintenance	0.7	2.0	0.9	0.9	0.9	0.9	0.9
Other Non-Personnel	28.2	28.8	28.2	28.3	28.3	28.3	28.3
Debt Service	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Transfers-out	(6.8)	(10.1)	(11.2)	(9.5)	(9.6)	(9.6)	(9.6)
<i>Total Expenditures</i>	<i>78.8</i>	<i>78.5</i>	<i>75.7</i>	<i>77.3</i>	<i>77.3</i>	<i>77.3</i>	<i>77.3</i>
Revenues less Expenditures	0.7	0.9	4.0	2.5	2.8	3.0	3.2
INFO: Planned Non-Recurring Exp		3.7	-	2.0	-	1.0	-
Ending Balance	31.5	28.7	32.7	33.3	36.0	38.0	41.3
5% Reserve Target	3.7	3.8	3.4	3.6	3.5	3.6	3.5

in \$ millions



Multi-Year Financial Forecast Fiscal Years 2019-2025

INTRODUCTION

Pursuant to Regent Policy (RP) 8.204, University of Hawai'i (UH) Administration presents this six-year financial plan as a forward looking forecast of fiscal operations, encompassing the six fiscal years (FYs) beginning July 1, 2019 and ending June 30, 2025.

In consideration of the aggregate of all sources of operating funds for revenues and expenditures, the University's fiscal health is strong and forecasted to remain so for the six-year horizon. Imbedded in this forecast are a number of assumptions and financial objectives, but the overall financial model is positive. Where expenditures exceed revenues during the first few years of this forecast, those expenditures represent one-time non-recurring planned expenses. And overall fund balances are maintained above the minimum and target reserve levels. We expect that assumptions will evolve or be modified during the next six years, as this financial model relies on Administration's continual refinements to manage this forecast.

Assumptions

In formulating this forecast, several assumptions formed the basis for the six-year time frame. Some assumptions may be specific to individual campuses and all assumptions are listed below. Specific assumptions are described in the individual campus' section.

The six-year financial plan generally assumes:

- No increase in General Fund appropriations for FY22 and onwards (outside of current fiscal biennium)
- Tuition and Fees Special Fund (TFSF):
 - Uses current tuition rate schedule as approved by the Board of Regents (Board) through FY23 then no changes in rates after that
 - Uses enrollment projections presented to the Board at its November 21, 2019 meeting (forecasted in the Multi-Year Enrollment Plan)
- 1% annual increase in Research and Training Revolving Fund (RTRF) revenue
- Use current collectively bargained negotiated rates for all personnel
- Fringe benefit rate of 60%
- 2% annual increase for utilities and non-personnel costs

With regards to the assumptions around general fund increases and personnel salaries, it is important to note that collectively bargained salary increases are largely offset by additional general fund appropriations. Because of these counterbalancing factors, those increases are not planned in this forecast.

Definitions

The financial forecast includes one year of actual revenues and expenditures (FY 2018-2019), the current year (FY 2019-2020), and the next five fiscal years. Additional descriptions of some of the terms on the spreadsheets follow:

Beginning Balance - The total combined cash balance from all fund categories. This should match the ending balance from the prior fiscal year.

It is important to note that the financial forecast aggregates the fund types by campus.

General Fund Appropriation - The amount of general revenues from the State of Hawai'i, as appropriated by the Legislature, and released by the Governor. The primary sources are the State General Excise Tax and the State Income Tax.

Tuition and Fees - The tuition collected for the University of Hawai'i as set forth in the rate schedule established by the Board of Regents plus any associated fees.

Research & Training Revolving Fund (RF) - This revolving fund collects the indirect overhead revenues generated by University research and training programs.

Other Special Funds - This fund category includes special funds other than the Tuition and Fees Special Fund (TF SF). Examples include the Cancer Center Special Fund (SF), Athletics SF, Auxiliary Enterprises SF, Scholarships and Assistance SF, Community Services SF, and Systemwide Information Technology Services SF.

Other Revolving Funds - This fund category includes revolving funds other than the Research and Training Revolving Fund (RTRF). Examples include the Commercial Enterprises RF, Student Health Center RF, Student Activities RF, Conference Center RF, and the Real Property & Facilities Use RF.

Expenditures are generally broken out into the major categories of Personnel and Non-Personnel costs. Personnel costs include:

- Regular employees;
- Lecturer payroll;
- Student help payroll; and
- Other personnel (non-regular personnel such as seasonal hires, 89-day hires, etc.).

Non-personnel costs are separated into Utilities, Scholarships and Stipends, Operating Maintenance (those costs associated with maintenance of University facilities), and other non-personnel (equipment, office supplies, other miscellaneous).

Debt Service - Debt service payments for bonds issued by the University for capital projects are reflected as transfers from the respective campus to a central clearing account where payments to debt owners are ultimately made.

Transfers-out - These represent the net of all transfers for a given campus or for the entire UH System. Negative transfers indicate transfers into a particular campus and positive figures indicate a transfer-out of a particular campus. These transfers may be for assessments made by Systemwide Administration or transfers of funds between campuses. The overall net negative for the entirety of UH is primarily made up of receipt of funds from the cigarette tax (approximately \$13 million) and barrel tax (approximately \$2 million), which are classified as transfers rather than revenues as the State of Hawai'i is the entity initially collecting these monies. There are also instances of funds being transferred from one campus to another but coming in as revenue rather than a transfer-in.

Ending Balance - The total combined cash balance at the end of the fiscal year for all fund categories. The beginning balance plus revenues less expenditures and transfers totals to this ending balance.

5% Reserve Target - Pursuant to Executive Policy (EP) 8.210, a minimum of five percent of annual operating expenditures is required for all non-general funds.

SUMMARY FORECAST BY CAMPUSES

MĀNOA

Due primarily to expenditures that represent one-time non-recurring planned expenses, Mānoa's overall expenditures are forecasted to exceed revenues until FY23. The last two years of this plan forecast revenues exceeding expenditures. Mānoa plans to begin contributions to the 5% central reserve beginning in FY23 and to provide the full 5% by the end of this six-year plan.

Throughout the six years in this forecast, TFSF does not have its expenditures exceeding revenues in any fiscal year. Fiscal imbalances are the result of the Other Special Funds category, primarily attributable to the Athletics, Cancer Center, Student Housing, and Campus Center Special Funds. Athletics and Cancer Center continue work to correct structural deficits. Student Housing (dormitories) and Student Life and Development (Campus Center) have multiple one-time R&M projects and/or CIP projects that exceed revenues for certain years within the six-year time period; however, fund balances are more than sufficient to cover expenditures for these projects.

The following is a list of some of the larger projects for Student Housing and Student Life and Development in this time period:

- \$8.2 million for renovations at Hale Noelani in FY20
- \$8.2 million for renovations at Campus Center in FY20
- \$1.2 million for air conditioning repairs and replacement at Hale Aloha in FY20
- \$2.4 million for renovations at the University Health Services Clinic in FY20
- \$2.5 million for renovations at Hale Noelani in FY21
- \$2.0 million for air conditioning repairs and replacement for Frear Hall in FY21
- \$1.0 million in elevator upgrades for Gateway in FY21
- \$1.7 million for renovations at the University Health Services Clinic in FY21
- \$3.0 million spall repair and painting for Frear Hall in FY22
- \$3.5 million in elevator upgrades at Hale Aloha in FY22
- \$1.2 million for painting at Hale Wainani in FY22
- \$2.4 million to replace furniture at Hale Wainani in FY23
- \$1.0 million to replace the air handler at Campus Center in FY23
- \$7.0 million to renovate interior and exterior at Hale Wainani in FY24 (spalling, windows, roof, infrastructure, lighting, etc.)
- \$3.0 million to renovate interior and exterior at Hale Anuenue in FY25 (spalling, windows, roof, infrastructure, lighting, etc.)

The following lists the differences in assumptions for Mānoa's forecast:

- Adds \$200,000 per year with a 10% annual increase in TFSF revenues due to online programs beginning in FY22.
- Uses IRAPO revenue projection based on target enrollment projections.
- 2% Revenue growth for RTRF instead of 1%.
- Non-personnel expenditures from TFSF decrease in FY21 to reflect tighter management of available resources followed by increases in FY22 and FY23.
- Other Special Fund revenues increase in Athletics (game guarantees), Student Housing (rate increases and dorms returning on-line after completion of renovations), and Student Life and Development (anticipated award of dining concessions contract).

Mānoa's forecast also shows decreased personnel expenditures of \$5 million for the current fiscal year (FY20). This reflects an assessment of actual versus planned expenditures over the past several years during budget execution.

SUMMARY FORECAST BY CAMPUSES

HILO

Hilo's financial forecast has revenues exceeding expenditures for every year in this six-year time frame.

Tuition revenue is based on the projections from presentation of the Multi-Year Enrollment Plan (November 2019) presentation, plus 2% increase for Summer Session revenue. The revenue growth for RTRF is forecasted at 2% rather than 1%.

As tuition revenue is forecasted to decline, a corresponding 2% reduction in Other Personnel, Operating Maintenance and Other Non-Personnel costs are also anticipated.

Projected one-time expenditures totaling \$2.9 million in FY20 are listed below:

- TFSF - \$2.4 million for carry-over commitments and one-time expenditures.
 - Carry-over commitments for renew, improve and modernize (RIM) projects and energy efficiency reinvestment.
 - One-time expenses for financial aid retention through employment, student recruitment, aeronautical science B.S. program, and national recruitment for executive positions.
- RTRF - \$200K for carry-over commitments for research activities that cross fiscal years.
- Student Activities Revolving Fund - \$200K for one-time expenditures. One-time expenses include training materials, furniture and equipment replacement for the Board of Student Publications, Board of Media Broadcasting student government (UHHSA), campus center and student life center.
- Hawaiian Language College Revolving Fund - \$100K for carry-over commitments to develop and print Hawaiian language materials.

FY23 includes one-time expenditure of \$300,000 for the replacement of the student life center air conditioner.

Student Housing is projecting one-time expenditures of \$100,000 in FY22 and \$300,000 in FY25 for repair and replacement projects such as exterior painting, shower replacement and flooring replacement.

SUMMARY FORECAST BY CAMPUSES

WEST O'AHU

Aside from a fiscal imbalance in FY20 (described below), the University of Hawai'i at West O'ahu (UHWO) shows a financial forecast with revenues exceeding expenditures for every year of this financial plan.

In FY20, projected expenditures exceed projected revenues by \$1.9 million. This variance is largely attributable to a significant increase in utilities using TFSF. In FY20, UHWO made a one-time payment to the Board of Water Supply in the amount of \$1.7 million for retroactive sewer costs since moving the campus to Kapolei in August 2012.

Other Revolving Funds project expenditures to exceed revenues by \$357,400 in FY20. UHWO's student leaders, in consultation with their respective constituents and their student life advisors, developed a strategic plan of activities. They authorized an increase in expenditures for FY20 to provide more professional development and community-building activities, targeted learning programs, and more direct services to students (e.g., health education, personal wellness, psychological counseling, and so on) to better meet the needs of their student constituencies. Additionally, more funds were earmarked to support student leadership training and development needed to better prepare student leaders with the knowledge, skills, and abilities to effectively engage in campus governance and campus programming to serve student needs.

UHWO's enrollment projection is an increase over the initial Multi-Year Enrollment Plan (November 2019) presentation by .2% for fiscal years 2023 through 2025 (from 1.8% to 2%). The projected increase in enrollment is based on the following factors: regional population growth, forecasted increase in high school graduation, UH and UHWO's focused investment and activities to boost recruitment and retention strategies (i.e., EAB, DOE partnerships, Early College programs, CC articulations, accelerated returning adult initiatives, etc.) that is expected to result in increased freshman admission, steady and increasing community college transfers, and steady and increasing returning adults and veterans/dependents.

SUMMARY FORECAST BY CAMPUSES

COMMUNITY COLLEGES

Aside from a couple of exceptions as noted below, the Community Colleges' forecast is stable, with revenues equaling expenditures for most years.

The Community Colleges are showing a structural fiscal imbalance of \$210,000 per year attributable solely to RTRF. This is the result of a multi-year plan to improve research infrastructure at certain campuses.

The \$3,000,000 deficit in TFSF for FY20 is the result of the expenditure of tuition carryover balances for non-recurring items, including repairs and maintenance projects and other classroom upgrades. These funds were reserved specifically for these needs and the Community Colleges has sufficient balances to cover these expenses.

SUMMARY FORECAST BY CAMPUSES

SYSTEMWIDE ADMINISTRATION

The financial health of Systemwide Administration continues to remain stable. All revenue and expenses across all sources of funds are projected to hold steady with no fiscal imbalance projected for Systemwide in future fiscal years. Ending cash balances remain well above the 5% reserve target. Systemwide is projecting multiple one-time expenditures from TFSF, RTRF, and the Information Technology Services (ITS) Special Fund as follows:

One-time planned expenditures from TFSE:

- FY20: \$1,000,000 for various real estate expense.
- FY22: \$1,000,000 for computer hardware, software, storage, and maintenance upgrades.

One-time planned expenditures from RTRF:

- FY20: \$250,000 for Society for Advancement of Chicanos/Hispanics and Native Americans in Science (SACNAS) sponsorship and \$900,000 for new server.
- FY24: \$1,000,000 for server hardware, software, storage, and maintenance.

One-time planned expenditures from ITS Special Fund:

- FY20: \$1,100,000 for maintenance costs.
- FY22: \$1,000,000 for computer hardware, software, storage, and maintenance upgrades.