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# Multi-Year Financial Forecasts

September 5, 2024

Committee on Institutional Success



# Overview

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- Forward forecast projects fiscal deficits of approximately \$25 million per year, on average, based on forecasted revenue and anticipated planned expenses. Aggregated fund balances remain above \$600 million for duration of forecast.
- Healthy reserve fund balances provide investment opportunities for Strategic Imperatives and future initiatives.
- Cost inflation in large fixed-expense areas are significant (e.g., personnel costs, utilities, consumer goods, etc.).
- Iterative refinement expected over the course of six-year plan as forecasts, assumptions, and performance evolve.



# Assumptions

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- Continuation of current levels of General Fund appropriations.
- No tuition rate revisions beyond current approved schedule (2% in AY25-26 and 2% in AY26-27 for four-year campuses).
- Only fee change for Daniel K. Inouye College of Pharmacy in FY25 (already approved by Board).
- Conservative projections for enrollment – primarily flat or modest increases.
- RTRF revenues conservative – flat for duration of six-year forecast.



# Assumptions (continued)

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- Existing contracted increases for collective bargaining are included (5% in FY25) but not beyond. Minimum wage increase reflected for student help.
- Reduced vacant positions in the short term. Hires and separations expected to balance after FY26.
- Debt service and reserve and replacement obligations for current physical plant are fully included.
- Significant short-term increase in Utilities costs.
- Investments in Strategic Imperatives will be prioritized through non-recurring investments and continuous re-prioritization.



# Rolling Forecast

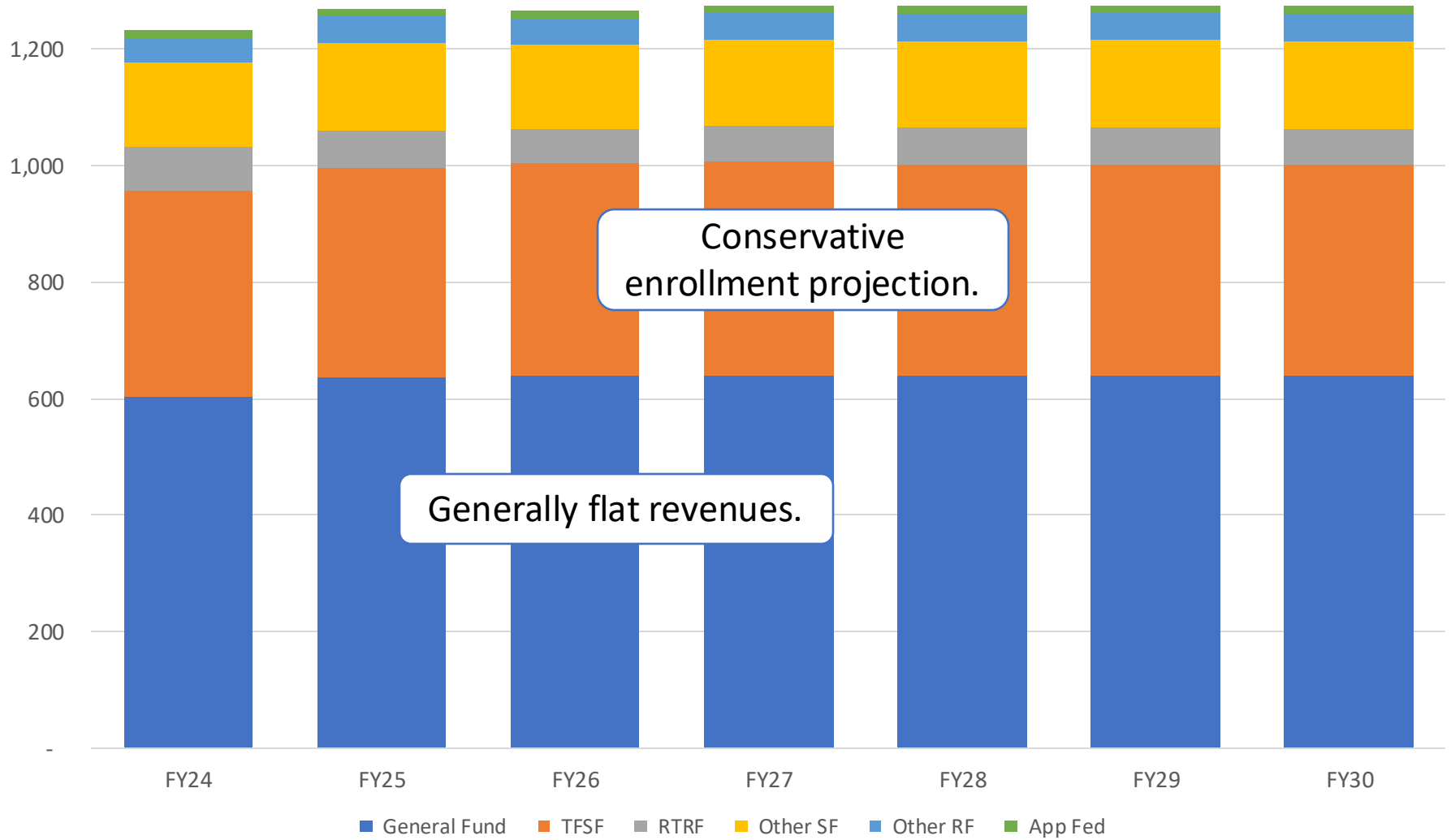
## FY2024 through FY2030

	<b>Actual 2023-2024</b>	<b>Projected 2024-2025</b>	<b>Projected 2025-2026</b>	<b>Projected 2026-2027</b>	<b>Projected 2027-2028</b>	<b>Projected 2028-2029</b>	<b>Projected 2029-2030</b>
Beginning Balance	688.6	785.5	729.4	700.1	685.9	682.2	658.7
<b>REVENUES</b>							
General Fund Appropriation	601.9	635.9	639.9	639.9	639.9	639.9	639.9
Tuition and Fees	356.2	360.9	363.6	367.0	363.2	363.1	360.9
Research & Training RF	75.2	64.7	61.0	61.4	61.8	61.9	62.0
Other Special Funds	143.1	150.9	143.5	148.3	149.3	150.8	151.9
Other Revolving Funds	43.7	45.1	45.5	46.1	47.0	47.2	47.3
Appropriated Federal	12.4	12.8	12.8	12.8	12.9	12.9	13.0
Transfers-In	1,010.4	446.2	395.5	398.2	395.4	394.7	395.1
<b>Total Revenues &amp; Transfers</b>	<b>2,242.9</b>	<b>1,716.5</b>	<b>1,661.8</b>	<b>1,673.7</b>	<b>1,669.5</b>	<b>1,670.4</b>	<b>1,670.1</b>
<b>EXPENDITURES</b>							
Regular Employee	665.2	760.1	756.4	757.0	758.4	759.8	761.0
Lecturer Payroll	43.7	41.1	40.9	41.0	41.2	41.2	41.2
Student Help Payroll	20.4	21.0	21.3	21.5	21.8	22.0	22.1
Other Personnel	10.1	15.6	10.1	10.0	10.0	10.0	10.1
<i>Subtotal Personnel</i>	<i>739.4</i>	<i>837.8</i>	<i>828.7</i>	<i>829.4</i>	<i>831.3</i>	<i>833.1</i>	<i>834.3</i>
Utilities	72.8	80.0	81.3	82.9	83.2	83.9	85.4
Scholarships, Stipends	66.6	70.1	69.3	69.7	70.1	70.6	71.0
Operating Maintenance	24.1	52.1	32.0	29.1	29.1	29.7	30.0
Other Non-Personnel	218.0	294.1	254.4	243.2	230.3	232.2	233.0
Debt Service	26.1	29.6	29.6	29.4	29.6	35.5	35.5
Transfers-out	999.1	408.8	395.8	404.2	399.6	409.0	410.2
<b>Total Expenditures &amp; Transfers</b>	<b>2,146.0</b>	<b>1,772.6</b>	<b>1,691.1</b>	<b>1,688.0</b>	<b>1,673.3</b>	<b>1,693.9</b>	<b>1,699.4</b>
Revenues less Expenditures	96.9	(56.1)	(29.2)	(14.2)	(3.7)	(23.5)	(29.3)
<u>Non-Recurring Investments</u>							
Planned Non-Recurring Exp	0.2	98.5	36.5	23.1	5.0	7.4	5.6
<b>Net Operations (Incl. Non-Recur)</b>	<b>97.1</b>	<b>42.5</b>	<b>7.3</b>	<b>8.9</b>	<b>1.3</b>	<b>(16.1)</b>	<b>(23.7)</b>
Ending Balance	785.5	729.4	700.1	685.9	682.2	658.7	629.4
Reserve % of Expenditures	37%	41%	41%	41%	41%	39%	37%



# Revenue Projections (FY24-30)

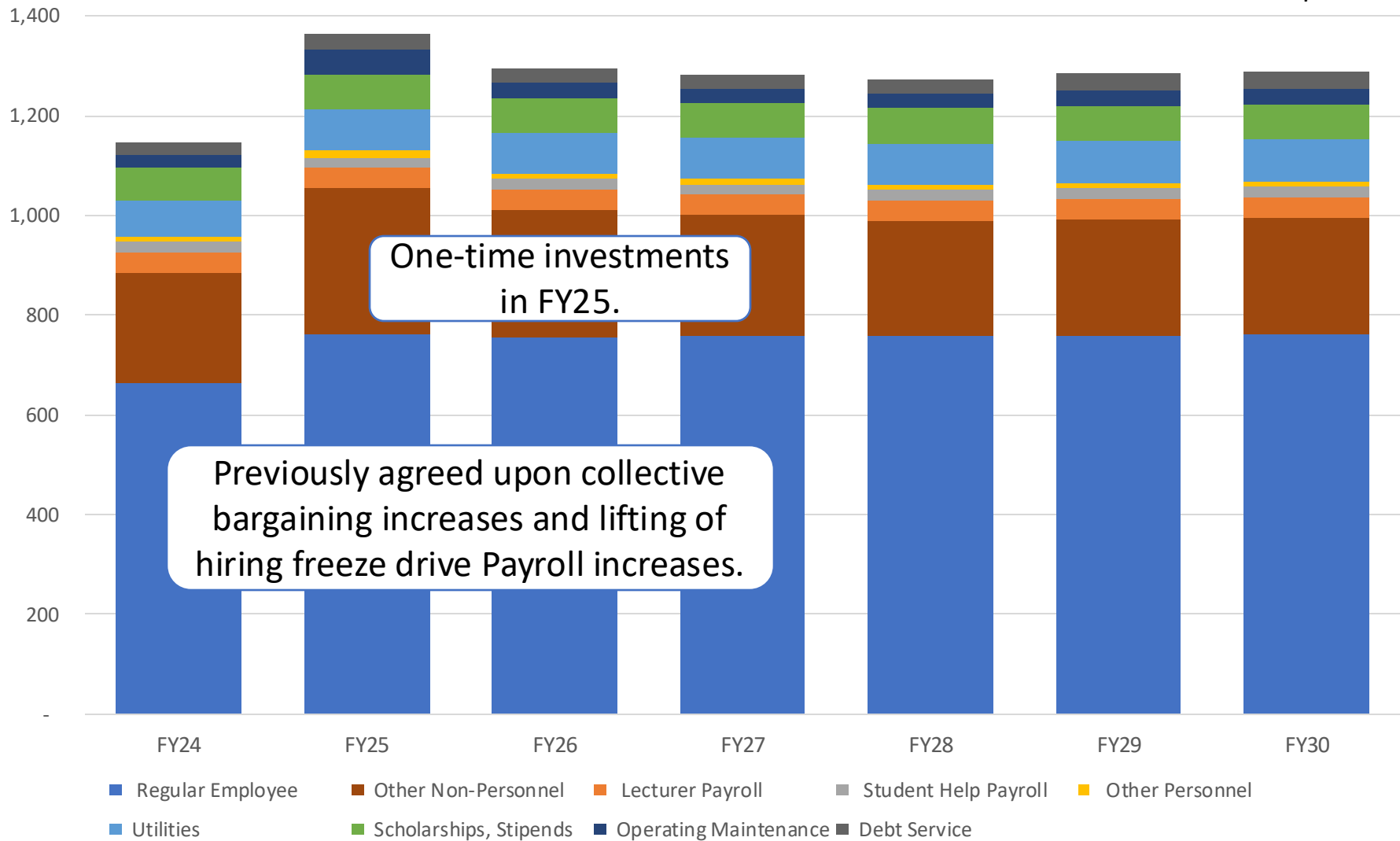
in \$ Millions





# Expenditure Projections (FY24-30)

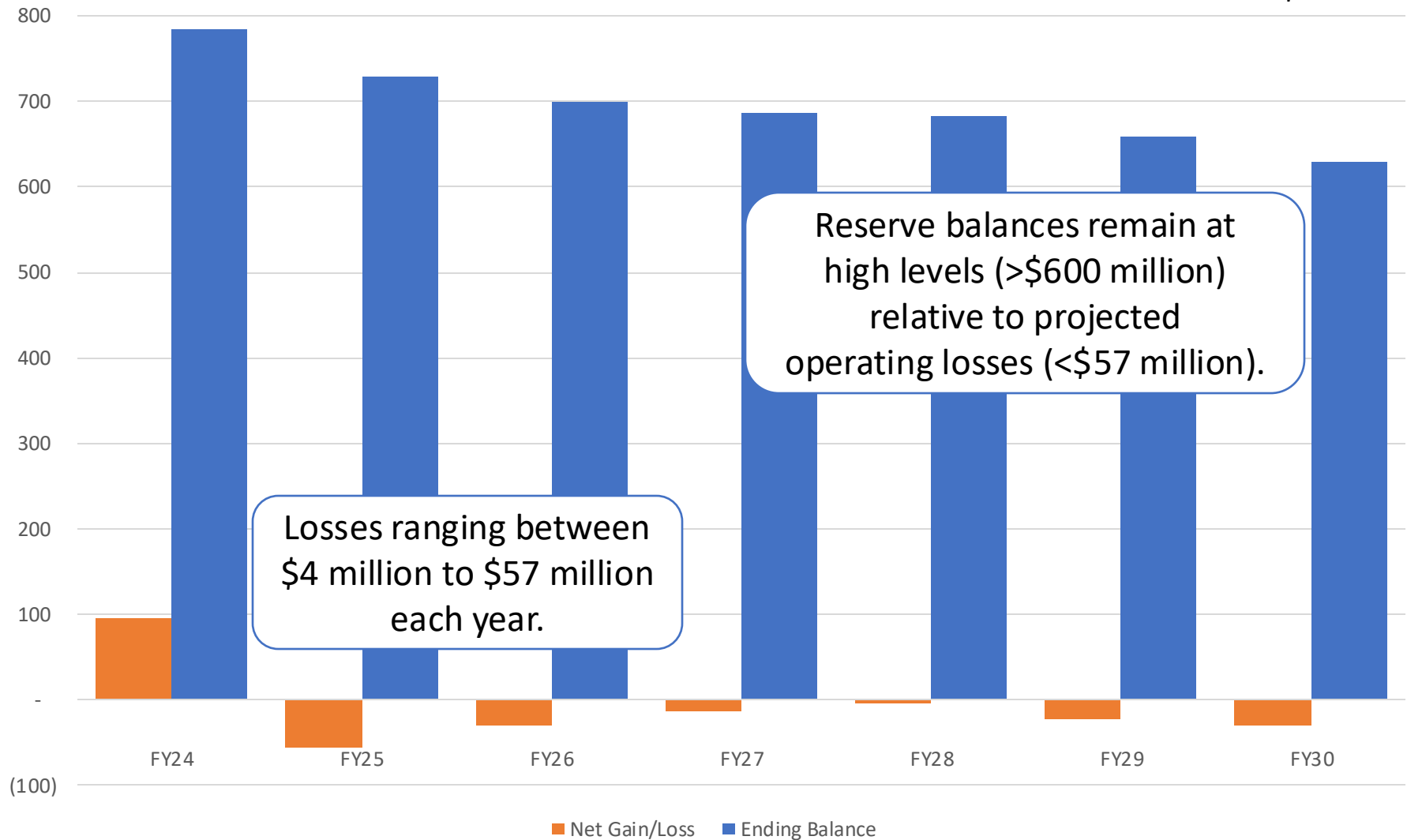
in \$ Millions





# Fund Balances and Net Operating Gain/Loss (FY24-30)

in \$ Millions







# Conclusion

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- Efforts to proactively grow fund balances and reduce expenditures have built UH reserve levels.
- Conservative assumptions indicate that reserve balances could be used to accommodate fiscal shortfalls as well as strategic non-recurring investments over the next several years.
- This six-year forecast covers a long horizon. The University must anticipate changes and accommodate revisions that will occur during the period.
- Base assumptions and environmental changes will necessitate constant revision.
  - General Fund appropriations
  - Expenditure conditions, inflation
  - Enrollment and revenue rates
  - Collective bargaining
  - Other unforeseen circumstances and emergencies