



University Operating Budget for Fiscal Year 2015-16

May 12, 2015

Board of Regents

Committee on Budget and Finance



Legislative FY16 Appropriation Highlights

HB500 HD1 SD1 CD1						
Campus	FY15 General Funds	FY16 General Funds	Special Funds (Ceiling)	Federal Funds (Ceiling)	Revolving Fund (Ceiling)	CIP - GO Bonds
UOH100-Mānoa	178,007,100	194,372,784	361,154,425	6,880,575	65,054,713	8,950,000
UOH110-JABSOM	16,548,940	17,933,214	27,758,949		6,603,547	
UOH210-Hilo	28,842,350	31,071,988	45,834,600	443,962	7,251,666	
UOH220-SBDC	978,941	978,941				
UOH700-West O'ahu	12,674,060	13,190,416	20,272,479	33,544	2,000,000	24,000,000
UOH800-Comm. Coll.	112,054,957	119,990,760	98,453,547	4,428,296	5,044,753	15,000,000
UOH881-Aquaria	611,256	647,475	3,117,141		996,499	500,000
UOH900-Systemwide	59,938,641	49,389,105	15,899,318	950,311	17,233,795	44,434,000
Total	409,656,245	427,574,683	572,490,459	12,736,688	104,184,973	92,884,000



Budget Parameters

1. Budgets are being proposed at the campus level with the exception of:
 - Mānoa (budgetary units)
 - Community Colleges (each college and system)
2. Two scenarios for tuition rates:
 - Scenario 1: Zero undergraduate rate increase (status quo)
 - Scenario 2: Up to 7% undergraduate rate increase (current BOR approved schedule) as determined by the campus
 - Graduate rate as already approved by BOR
3. Campus enrollment projections used IRAO data and other factors
4. Ending balances should meet targeted reserve levels (between 5% and 16%)
5. No fiscal imbalance at campus level (Expenditures exceeding Revenues), unless at/near 16% threshold.



Campus Budget Overview

1. Majority of campuses are projected to meet BOR reserve policy (except Mānoa)
2. This presentation focuses primarily on the core Operating Budget:
 - Tuition and Fees Special Fund (TFSF) and General Fund (GF)
 - Other funds are on the spreadsheets.
3. BOR Request for FY16 was \$35.5 M in additional general funds
4. Legislature appropriated only an additional \$7.5 M, a difference of \$28 M



Undergraduate Tuition Rate Proposals and Estimated Ending FY16 Reserve Levels

Campus	Mānoa	Hilo	West-O‘ahu	Comm. Coll.*	Systemwide
Beginning FY16 Balance	\$ 7,372,495	\$ 14,135,000	\$ 1,726,472	\$ 10,932,299	\$ 3,768,190

Campus	Mānoa	Hilo	West-O‘ahu	Comm. Coll.*	Systemwide
0% Rate Increase	\$ 3,316,195	\$ 11,260,723	\$ 1,670,300	\$ 10,932,299	\$ 3,358,131
Approved Rate	7%	7%	7%	7%	n/a
Proposed Rate	7%	4%	4%	5%	n/a
Change in Rate	No change	-3%	-3%	-2%	n/a
Additional Revenue	\$12,876,774	\$987,208	\$596,076	\$3,094,356	n/a
Balance w/ Increase	\$ 16,192,969	\$ 11,260,723	\$ 2,251,472	\$ 10,932,299	\$ 3,358,131

Campus	Mānoa	Hilo	West-O‘ahu	Comm. Coll.*	Systemwide
5% Threshold	\$21,926,590	\$3,689,221	\$1,418,289	\$9,567,969	\$2,534,021
16 % Threshold	\$70,165,087	\$11,805,509	\$4,538,526	\$30,617,498	\$8,108,867

*Community Colleges Reserve includes \$7,742,911 from CC SF



Tuition Rates – current and proposed

	2014-2015				Currently Approved 2015-2016				Proposed 2015-2016			
	Resident		Non-Res		Resident		Non-Res		Resident		Non-Res	
	PCH	FT	PCH	FT	PCH	FT	PCH	FT	PCH	FT	PCH	FT
Mānoa	\$ 410	\$ 4,920	\$ 1,193	\$ 14,316	\$ 441	\$ 5,292	\$ 1,279	\$ 15,348	\$ 431	\$ 5,166	\$ 1,279	\$ 15,348
Hilo	\$ 277	\$ 3,324	\$ 777	\$ 9,324	\$ 297	\$ 3,564	\$ 807	\$ 9,684	\$ 288	\$ 3,457	\$ 807	\$ 9,684
WO	\$ 277	\$ 3,324	\$ 777	\$ 9,324	\$ 297	\$ 3,564	\$ 807	\$ 9,684	\$ 288	\$ 3,457	\$ 807	\$ 9,684
CC-High	\$ 114		\$ 508		\$ 122		\$ 520		\$ 120		\$ 520	
CC-Low	\$ 114		\$ 316		\$ 122		\$ 328		\$ 120		\$ 328	
CC-300	\$ 277		\$ 777		\$ 297		\$ 807		\$ 291		\$ 807	

PCH = Per Credit Hour, FT = Full-Time



Recommendations

Administration recommends Regent approval of the following operating budget:

	Mānoa	Hilo	West-O‘ahu	CCs	Systemwide
REVENUES					
General Fund	219,617,318	32,857,631	13,392,800	124,406,354	49,590,637
TFSF	227,734,951	38,052,520	15,497,985	66,953,012	679,720
RTRF	29,442,901	1,696,503	69,524	2,396,284	15,304,527
Other NGF	134,208,738	10,199,268	1,178,695	22,599,411	3,407,760
EXPENDITURES					
General Fund	219,617,318	32,857,631	13,392,800	124,406,354	49,590,637
TFSF	218,914,477	40,926,797	14,972,985	66,953,012	1,089,779
RTRF	28,329,559	1,696,503	69,524	2,396,284	15,143,738
Other NGF	144,649,314	10,751,308	800,627	22,599,411	3,670,698
CHANGE IN TFSF RESERVE	8,820,474	(2,874,277)	525,000	-	(410,059)

Supporting background information in attached spreadsheets



FY15 vs. FY16 Comparison

Revenues (in millions)		
	FY15	FY16
General Fund	\$ 407.8	\$ 439.9
TFSF	\$ 331.0	\$ 348.9
RTRF	\$ 49.0	\$ 48.9
Other NGF	\$ 195.0	\$ 171.6
Total	\$ 982.8	\$ 1,009.3

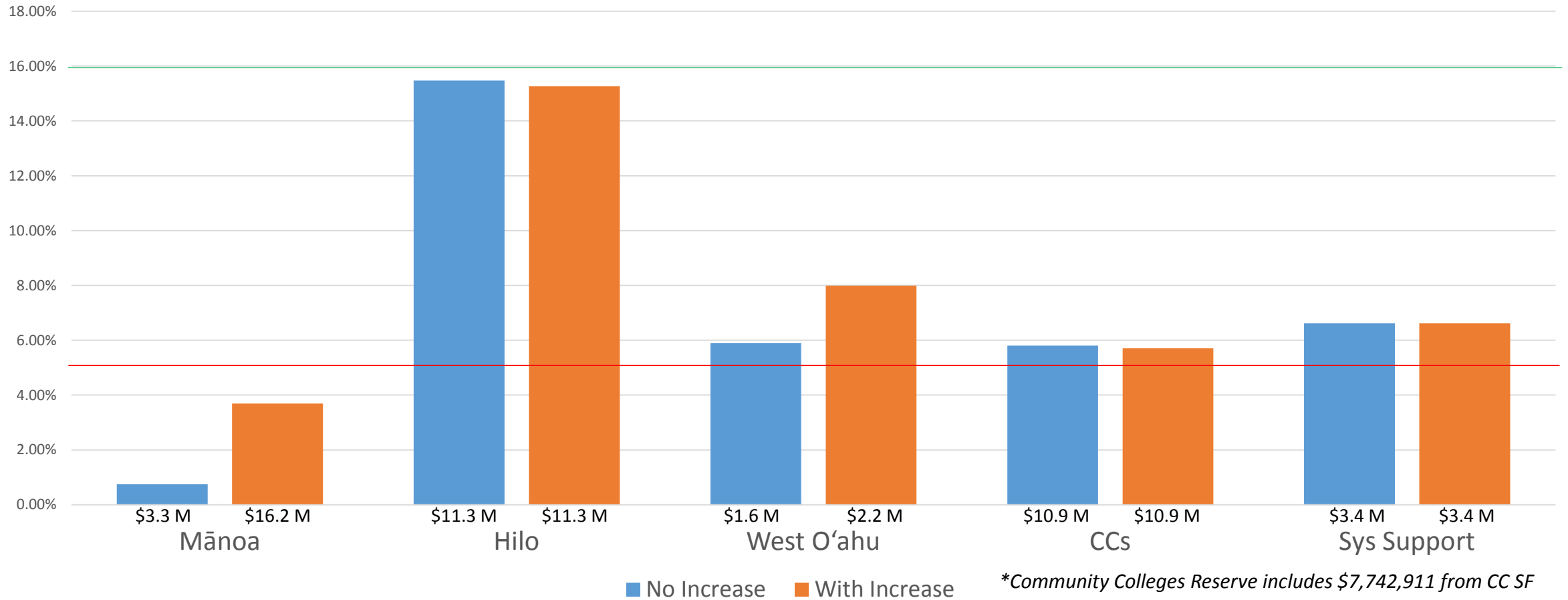
Expenditures (in millions)		
	FY15	FY16
General Fund	\$ 407.8	\$ 439.9
TFSF	\$ 367.4	\$ 342.8
RTRF	\$ 60.8	\$ 47.6
Other NGF	\$ 195.2	\$ 182.5
Total	\$1,031.2	\$ 1,012.8

1. General Fund total includes UHPA CB (\$12.3 M from BUF102)
2. Except for General Funds, FY16 expenditures are lower than FY15.
3. Except for Other Non-General Funds, FY16 revenues exceed expenditures.



Estimated FY16 Ending TFSF Reserve Levels

Reserve Levels





Mānoa

1. Assumes 3% decline in enrollment
2. If approved rate is rescinded, FY16 ending cash balance could be \$3.3 M, well below the 5% threshold (\$21.9 M)
3. At present tuition schedule, FY16 ending cash balance could be \$16.2 M, nearing the 5% threshold.
4. Mānoa is already budgeting FY16 to reduce expenditures by ~\$18.6 M

Mānoa TFSF Expenditures and Transfers

FY15	FY16
\$237.5 M	\$218.9 M



Mānoa – continued

5. Without Mānoa's tuition rate increase, Mānoa would need to reduce expenditures by another \$12.9 M (total of \$31.5 M) to stay on course to achieving 5% reserve threshold.
6. 76% of Mānoa's GF and TFSF are personnel costs.
7. Majority of personnel are protected by civil service/collective bargaining.



Hilo

1. Assumes 3% decline in enrollment
2. \$2 million budgeted for one-time Capital Renewal & Deferred Maintenance (CRDM)
3. Tuition increase will be used for:
 - Additional CRDM (\$493k) ongoing basis
 - New program initiatives:
 - Student Success – Building Transitions and Foundations (\$182k)
 - Hawai‘i Papa o Ke Ao (\$205k)
 - Sustainable Energy & Facilities Management (\$106k)



West O'ahu

1. Only campus with projected enrollment growth (8% assumption)
2. Tuition rate increase will go towards four objectives:
 - Support program expansion with a Furniture, Fixtures, & Equipment (FF&E) Reserve Fund (\$300k) for costs not covered under CIP (e.g. to furnish new Admin/Allied Health Building)
 - Establish Repair and Maintenance Reserve Fund (\$225k) to avoid future deferred maintenance costs
 - Absorb operational deficit (\$56,172)
 - Increase support of VCAA International Programs Initiative (\$14,904)
3. Without a tuition increase, UHWO would address their operational deficit by scaling back on hiring, staff development, and R&M



Community Colleges

1. Flat enrollment projection
2. Increase in tuition rate (\$3.1 M) is for the following:
 - Health and Safety (\$178k)
 - Increase Instructional Capacity (\$297k)
 - Improve Student Success (\$546k)
 - Enhance the Student Experience (\$402k)
 - Upgrade Technology (\$434k)
 - Equipment Pool (\$1,238k)



Systemwide Support

1. Funding sources are primarily general funds with TFSF assessments for shared costs of specific agreed upon systemwide initiatives.
2. FY16 operating deficit (\$410,059) to cover cost for Academy of Creative Media's screen room that was anticipated for construction in FY15 but did not occur. FY15 cash is being carried over in anticipation that construction can be done in FY16.
3. Reallocating resources for new programs, i.e. System Office of Sustainability



Additional General Funds

1. Awards for Collective Bargaining (besides UHPA) not known at this time
2. Title IX/VAWA compliance \$1,139,182
3. Performance-based funding \$6,360,818
4. Other appropriation bills
 - HB850 - \$350,000 for four positions in cooperative extension service administered by CTAHR
 - HB547 - \$500,000 (general funds) for Graduation Pathway System and \$5.64 M (Revenue-undertakings Fund) for repairs at JABSOM



Title IX/VAWA

1. \$1,139,182 in total funding
2. 1 Coordinator each at Mānoa, Hilo, and Community Colleges
3. 1 Systemwide Coordinator
4. Additional 6 positions as Investigators and Education Specialists
5. On-line training module for new students, faculty, and staff
6. Operational support for Investigators and Educational Specialists to develop informational brochures, travel to support campuses with investigations/educational needs, and supplies
7. Other training workshops on VAWA, Title IX, and conducting investigations.



Performance-Based Funding

1. \$6,360,818 appropriated to UOH900 base budget
 - Unrestricted for FY16
 - Must be used for Performance Funding for FY17
2. Performance Targets will be prepared during Summer 2015 based on BOR-approved Strategic Directions and metrics
 - Will leverage internal institutional experience (i.e. Community Colleges), national best practices (i.e. Jane Wellman presentation to BOR), and other factors



Performance-Based Funding (continued)

3. For FY16, it is anticipated that each campus will have access to approximately 2% of their FY16 projected tuition revenue to invest in specific campus tactics that will enable them to meet performance targets the following year.
4. Any remaining FY16 Performance funds will be invested in agreed-upon systemic improvements that will help all campuses meet performance targets, e.g. actions to improve transfer student success systemwide.
5. For FY17, all funds will be available to campuses based on their performance during FY16.
 - Any unawarded funds will lapse to the General Fund as required by the appropriation language.



Research and Training Revolving Fund (RTRF)

1. RTRF Allocation is distributed as follows:
 - 25% System (VPRI)
 - 75% Campus
2. RTRF overhead recovery will be distributed to campuses in FY16 on a quarterly basis.
3. FY11-14 Report can be found at:
System: <http://hawaii.edu/research/reports.php>
Mānoa: <http://manoa.hawaii.edu/ovcr/reports.html>
4. Reports for FY15 will be updated in August



Research and Training Revolving Fund (RTRF)

Revenue Projection for FY16:

Campus	Mānoa	Hilo	West O'ahu	Community Colleges	Systemwide	Grand Total
As of 3/31/15	\$ 29,147,427	\$ 1,731,125	\$ 70,943	\$ 2,445,188	\$ 3,139,890	\$ 36,534,573
Annualized	\$ 40,058,369	\$ 2,308,167	\$ 94,591	\$ 3,260,250	\$ 4,186,520	\$ 49,907,897
Forecast Adj	\$ 39,257,202	\$ 2,262,003	\$ 92,699	\$ 3,195,045	\$ 4,102,790	\$ 48,909,739
VPRI Share	\$ 9,814,301	\$ 565,501	\$ 23,175	\$ 798,761	\$ 2,134,122	\$ 13,335,860
FY16 Projection	\$ 29,442,902	\$ 1,696,503	\$ 69,524	\$ 2,396,284	\$ 1,968,668	\$ 35,573,881

Projection annualized current revenues and decreased them by 2%.
That amount was reduced by 25% for campus allocation.



Other Non-General Funds

1. Dedicated in statute for a specific purpose
2. Examples include:
 - Scholarship & Assistance, Cancer Research, Library, Student Activities, University Undertakings, Athletics, Commercial Enterprise, Auxiliary Enterprise, etc.
3. These funds are managed at program level:
 - Revenues are projected
 - Expenditures are managed throughout the year based on revenues