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# Proposal for Supplemental Budget FY2016-17

October 1, 2015

Joint Meeting of Budget and Finance and  
Planning and Facilities Sub-committees



# Process Outline

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1. Budget requests presumed FB15-17 Regent-approved budget items.
2. Additional initiatives expected to be restrained by campuses.
3. Requests needed to be vetted for updating assumptions.
4. Budgets presume revenue levels as already established for biennium.
5. UH submission will be to State Budget & Finance for consideration of inclusion to Governor's proposed budget.



# FY17 Operating Appropriation

As appropriated in Act 119, SLH 2015\*

<u>Campus</u>	<u>General Funds</u>	<u>Special Funds (Ceiling)</u>	<u>Federal Funds (Ceiling)</u>	<u>Revolving Funds (Ceiling)</u>
UOH100 - Mānoa	194,796,866	361,082,295	6,873,565	65,039,713
UOH110 - JABSOM	17,937,727	27,758,949		6,603,547
UOH210 - Hilo	31,133,744	45,842,307	443,962	7,261,666
UOH220 - SBDC	978,941			
UOH700 - West O'ahu	13,196,948	20,272,479	33,544	2,000,000
UOH800 - Comm. Coll.	120,208,842	98,465,109	4,428,296	5,044,753
UOH881 - Aquaria	651,158	3,117,141		996,499
UOH900 - Sys. Support	49,389,105	16,017,434	957,327	17,238,873
<b>Total</b>	<b>428,293,331</b>	<b>572,555,714</b>	<b>12,736,694</b>	<b>104,185,051</b>

\*note: no CIP projects appropriated for FY17



# Statewide General Fund Outlook

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- Executive Memorandum (EM) No. 15-03, dated August 24, 2015, outlined budget execution policies
  - 10% restriction on discretionary (non-instructional)
  - Release of specific appropriations/grants will be considered at a later date and shall be subject to 5%+5% restriction
- In September, Council on Revenues September revised their FY16 projection to 6% growth from 2.7% growth (in May)
- After August DoTAX preliminary report, FY16 revenues currently show 17.3% growth



# Operating Budget Requests

<u>Campus</u>	<u>Description</u>	<u>FTE</u>	<u>Amount</u>
Mānoa	CTAHR Cooperative Extension (Act 105/SLH 2015)	4.00	\$ 350,000
Mānoa	ORC General Fund Salary Restoration	0.00	306,168
Mānoa	EHSO General Fund Salary Restoration	0.00	1,093,832
Mānoa	Cancer Research Center	0.00	5,000,000
Mānoa	Mānoa Intercollegiate Athletics	0.00	3,000,000
Hilo	Student Athlete Academic Success & Increased Travel Costs	3.00	560,000
Hilo	Conversion of Security from Contracted Services	37.00	420,000
UHWO	UHWO Campus Evolution	12.00	728,020
CCs	Equipment Funds	0.00	1,250,000
Sys Support	Hawai'i Research and Innovation Initiative	20.00	3,500,000
<b>Total</b>		<b>76.00</b>	<b>\$ 16,208,020</b>



# Mānoa Requests

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## 1. 4 positions and \$350,000 for CTAHR

- Act 105, SLH 2015 appropriated \$350,000 for four (4) positions for CTAHR's cooperative extension service to improve and strengthen Hawai'i's sustainability in agriculture.
- Funding was provided for FY16 only. This supplemental request continues that funding in the budget.

## 2. General Fund restorations for Office of Research Compliance and Environmental Health and Safety Office (\$1.4 million)

- General fund reductions in recent years created a shortfall in these two offices that are currently using TFSF and RTRF in an unsustainable manner.



# Mānoa Requests (continued)

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3. \$5 million for Cancer Research Center will mitigate fiscal needs.
- Provide for additional resources for educational program and research pursuits.
    - Current General Fund allotment = \$2.19 Million
    - Annual personnel salary = \$5.38 Million
  - Since establishment (2009) Cigarette Tax Revenues have declined \$6 million annually.
  - Additional General Funds will help supplement cost reductions and campus reinvestments towards Cancer Center.

Supplemental budget request will precede the completion of consultant review and business plan development already underway.

- Plan draft anticipated January 2016.



# Athletics Requests

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Request to provide additional public funding support for increases in athletics costs system wide.

1. Mānoa is requesting \$3 million to help pay for guarantees, team travel, cost of attendance, student meals, and recruiting costs.
  - BOR Deep Dive anticipated in November 2015
2. Hilo is requesting \$560,000 to pay for travel costs and to improve student athletes' academic success.





# West O‘ahu Campus Evolution

Request to provide additional public funding to support projected campus curriculum growth at UHWO.

1. UH-West O‘ahu is requesting authorization for 12 positions at \$728,020.

Category	FTE	Amount
Instructional Support	4.00	\$ 197,604
Student Affairs	6.00	370,416
Faculty*	2.00	160,000
<b>Grand Total</b>	<b>12.00</b>	<b>\$ 728,020</b>

\* Conversion of two existing positions from temporary to permanent.



# Other Requests

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1. Hilo is requesting authorization for 37 positions and \$420,000 to convert from contracted security services to University personnel.
  - Roughly \$1 million already budgeted for contracts will be supplemented.
  - Use of contracted personnel in lieu of civil servants requires an exemption and contracts cannot be longer than one year in duration.
  - Hilo Administration can provide better and more appropriate training by using University personnel rather than an outside vendor.
2. Community Colleges are requesting \$1,250,000 to establish an Equipment Fund
  - Patterned after R&M process where campus priorities will be assessed annually to identify most critical needs.



# Other Requests (continued)

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1. Hawai‘i Research and Innovation Initiative (20 positions and \$3.5 million)
  - Increase UH’s ability to successfully develop its innovation-based entrepreneurial ecosystem within the University and help to increase the potential for creation of high-quality jobs in the state.
  - 10 Faculty and 10 Instructional Support positions.
  - Strategic Grants Development Office to increase research grant funds for UH.
  - Center for Commercialization will help stimulate translation of research and collaboration between academia and industry.
  - Hawai‘i Innovation Initiative’s goal is to build a thriving innovation, research, education and training enterprise in Hawai‘i to diversify the state’s economy.



# Capital Improvement Program (CIP)

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- **\$184.9 M in GO Bonds**
  - \$2.5 M for Snyder Hall Renovation (Design)
  - \$0.3 M for CIP Staffing
  - \$2.0 M for Dean Hall Renovation (Design)
  - \$38.8 M for Creative Media Facility at UH-West O‘ahu (mostly Construction)
  - \$10.0 M for Community College Minor CIP Lump Sum
  - \$131.3 M for Systemwide Lump Sum
    - Development of and Improvements to Grounds, Infrastructure, Existing Facilities, Temporary Facilities, New Facilities, Equipment and Appurtenances, and Other Related Project Costs
    - Totals 71 projects across the various campuses
- **\$5.6 M in Special Funds for JABSOM from interest earnings accrued from the original bond sale**
  - This is an authorization request and NOT for State funds.



# Lump Sum CIP

CAMPUS		NUMBER OF PROJECTS	DM REDUCTION (\$ 000'S)	TOTAL FY17 REQUEST (\$ 000'S)		
				Design	Construction	Total
Lump Sum	UH – Mānoa	32	\$ 20,746	\$ 3,053	\$ 76,739	\$ 79,792
	UH – Hilo	6	2,968	300	18,300	18,600
	UH – West Oahu	3	-	50	7,900	7,950
	UH – Community Colleges	30	2,971	3,450	21,550	25,000
Minor CIP	UH – Community Colleges	5	1,500	575	9,425	10,000
<b>TOTAL</b>		<b>76</b>	<b>\$ 28,185</b>	<b>\$ 7,428</b>	<b>\$ 133,914</b>	<b>\$ 141,342</b>



# Act 119 (2015) UH CIP Details

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- Legislature appropriated \$640.6 M for FY16 in GO Bonds for all State departments
  - UH was appropriated \$92.9 M
- Legislature appropriated \$188.5 M for FY17 in GO Bonds as part of the biennium budget
  - UH CIP appropriation for FY17 is \$0
- \$1.566 B appropriated for CIP by all other means of financing for biennium
  - UH CIP appropriation is exclusively via GO Bonds



# Forward Calendar

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1. Administration proposal of UH Supplemental Budget submission to State Department of Budget & Finance (B&F).
2. Submittal proposed for BOR approval.
3. B&F anticipates distributing budget proposal guidelines in early-October.
4. Executive branch departments will submit their budget requests to B&F in November.
5. Executive branch process will vet and determine which requests will be included in Governor's Proposed FY17 Budget to Legislature (December 21<sup>st</sup>).
6. Legislature to convene January 20, 2016.