University of Hawai‘i
Operating Budget
for Fiscal Year 2016-17

August 18, 2016
Board of Regents
Introduction

1. Revision of Fiscal Year (FY) 2016-17 budget proposal from May 18 B&F Committee Meeting
2. Second year of Board of Regents approving Fiscal Year operating budgets
3. Budgets incorporate currently approved tuition rates for FY17 and legislative appropriations passed this most recent Session
What’s changed since May?

1. Now know the impact of Act 236, Collective Bargaining, and 5% General Fund restriction per Executive Memo No. 16-02
2. End of FY16 affected cash balances positively
3. $3 million for Athletics allocated to Mānoa and Hilo
4. 75% allocation for Performance Funding
5. Expenditure refinements at Mānoa and West O‘ahu for TFSF
6. While some refinement has occurred, some instances of fiscal imbalance still occur, although most were intentional (saved up for from prior FYs)
## Operating Budget Request for Approval

<table>
<thead>
<tr>
<th></th>
<th>Mānoa</th>
<th>Hilo</th>
<th>West-O’ahu</th>
<th>CCs</th>
<th>Sys Support</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>$232,840,913</td>
<td>$34,635,167</td>
<td>$14,228,567</td>
<td>$132,616,513</td>
<td>$55,841,600</td>
<td>$470,162,760</td>
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<tr>
<td>TFSF</td>
<td>$225,844,393</td>
<td>$38,094,416</td>
<td>$16,762,621</td>
<td>$67,296,325</td>
<td>$740,370</td>
<td>$348,738,125</td>
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<tr>
<td>RTRF</td>
<td>$30,044,746</td>
<td>$3,892,458</td>
<td>$158,000</td>
<td>$1,702,000</td>
<td>$12,059,406</td>
<td>$47,856,610</td>
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<tr>
<td>Other Special Funds</td>
<td>$121,774,055</td>
<td>$7,653,614</td>
<td>$411,000</td>
<td>$18,854,000</td>
<td>$2,936,412</td>
<td>$151,629,090</td>
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<tr>
<td>Other Revolving Funds</td>
<td>$30,119,795</td>
<td>$2,362,161</td>
<td>$1,646,000</td>
<td>$2,291,000</td>
<td>$1,418,100</td>
<td>$37,837,056</td>
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<tr>
<td>Appropriated Federal</td>
<td>$4,680,533</td>
<td>$291,557</td>
<td>$61,558</td>
<td>$3,130,675</td>
<td>$284,999</td>
<td>$8,449,322</td>
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<tr>
<td><strong>Total</strong></td>
<td>$645,304,435</td>
<td>$86,929,373</td>
<td>$33,267,746</td>
<td>$225,890,513</td>
<td>$73,280,896</td>
<td>$1,064,672,963</td>
</tr>
</tbody>
</table>
Beginning and Ending Balances

By Fund Type across UH

- TFSF
- RTRF
- Other Special
- Other Revolving
- Fed Funds

Millions

Beginning
Ending
1. Total Net Operating Income (Revenues less Expenditures) shows a loss of $11.5 M, although most fiscal imbalances were planned for and are one-time in nature:
   - TFSF is due to one-time investments at Hilo ($3.1 M) and Community Colleges ($4.5 M). Both of those campuses’ TFSF cash balances are healthy enough to accommodate these costs.
   - RTRF is due to Mānoa ($1.2 M) and Community Colleges ($1.1 M) to honor prior multi-year commitments and for facility-related expenses.
   - Other Special Funds is negative primarily due to ongoing deficit at Cancer Center Special Fund ($7.1 M). There are also one-time costs previously planned and saved for at Campus Services ($2.5 M), Parking ($538k), Student Affairs ($1.2 M) and the Campus Center ($1.2 M) Special Funds.

2. Ending balances are sufficient to accommodate these planned losses.
TFSF Reserve Levels (FY14 to FY17)

Projections for FY17 include planned usage of funds.
## FY16 vs. FY17 Comparison

The table below shows the comparison between FY16 and FY17 for various categories of revenues and expenditures in millions of dollars.

### Table: Revenues vs. Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Revenues FY16</th>
<th>Revenues FY17</th>
<th>Expenditures FY16</th>
<th>Expenditures FY17</th>
<th>Rev-Exp FY16</th>
<th>Rev-Exp FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>439.9</td>
<td>470.2</td>
<td>439.9</td>
<td>470.2</td>
<td>-</td>
<td>-</td>
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<tr>
<td>TFSF</td>
<td>345.2</td>
<td>348.7</td>
<td>345.4</td>
<td>351.1</td>
<td>(0.2)</td>
<td>(2.3)</td>
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<tr>
<td>RTRF</td>
<td>48.9</td>
<td>47.9</td>
<td>47.6</td>
<td>50.0</td>
<td>1.3</td>
<td>(2.2)</td>
</tr>
<tr>
<td>Other Special Funds</td>
<td>171.6</td>
<td>151.6</td>
<td>182.5</td>
<td>161.0</td>
<td>(10.9)</td>
<td>(9.4)</td>
</tr>
<tr>
<td>Other Revolving Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>35.7</td>
<td>-</td>
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<tr>
<td>Appropriated Federal</td>
<td>6.6</td>
<td>8.4</td>
<td>8.4</td>
<td>8.3</td>
<td>(1.8)</td>
<td>0.2</td>
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<tr>
<td>Total</td>
<td>1,012.2</td>
<td>1,064.7</td>
<td>1,023.8</td>
<td>1,076.2</td>
<td>(11.6)</td>
<td>(11.5)</td>
</tr>
</tbody>
</table>

This table is in millions of dollars

*Note: for FY16, “Other Non-General Funds” combined both “Other Special Funds” and “Other Revolving Funds”. Total for FY17 is $189.5 million in revenues and $196.7 million in expenditures.*
FY16 vs. FY17 Comparison

1. General Fund growth of $30.3 M attributable to:
   - Collective Bargaining ($23.4 M)
   - Athletics ($3.0 M), Equipment for CCs ($1.5 M) and Dance and Theater at Mānoa ($350k)
   - Other Specific Appropriations ($1.8 M)

2. TFSF revenues forecasted to increase by almost 1%, although tuition rates are going up 4% or 5%.

3. Expenditures are up in most funds, primarily due to collective bargaining, one-time expenditures, and utilities.
1. Enrollment projected to decline by 3.5%.
2. Positive TFSF Operating Income of $5.3 M. Mānoa is projected to meet 5% reserve target at end of FY17.
3. Deficit in Other Special Funds attributable primarily to:
   • Cancer Center ($7.1 million)
   • Housing and Bookstore Reserve Funds ($2.5 million)
   • Parking ($538,000)
   • Campus Center ($1.2 million)
1. Enrollment projected to decline by 1.5%

2. TFSF expenditures include roughly $3.1 M in costs carried over from FY16 and one-time investments:
   - $962,972 for Capital Renewal/Deferred Maintenance (carryover)
   - $278,666 for Energy Reinvestment (carryover)
   - $1,100,000 construction contingency for DKICP building (carryover)
   - $411,000 for partial debt service for Student Housing
   - $380,000 to convert contract security services to in-house employees
1. Enrollment projected to grow by 4% for FY17.
2. FY17 operating deficit for TFSF was $2.0 M in May version.
3. After refinement, FY17 TFSF deficit now forecast to be $221,655.

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>TFSF</th>
<th>RTRF</th>
<th>Other Special</th>
<th>Other RF</th>
<th>Fed Funds</th>
<th>Total</th>
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<tr>
<td><strong>Revenues</strong></td>
<td>$ 14,228,567</td>
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<td>$ 61,558</td>
<td>$ 33,267,746</td>
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<tr>
<td><strong>Expenditures</strong></td>
<td>$ 15,097,132</td>
<td>$ 10,400,054</td>
<td>$ 165,595</td>
<td>$ 2,440,188</td>
<td>$ 760,000</td>
<td>$ 72,058</td>
<td>$ 28,935,027</td>
</tr>
<tr>
<td><strong>Net Transfers</strong></td>
<td>$ 868,565</td>
<td>$ (6,584,222)</td>
<td>$ -</td>
<td>$ 1,961,188</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (3,754,469)</td>
</tr>
<tr>
<td><strong>Rev less Exp/Trf</strong></td>
<td>$ -</td>
<td>$ (221,655)</td>
<td>$ (7,595)</td>
<td>$ (68,000)</td>
<td>$ 886,000</td>
<td>$ (10,500)</td>
<td>$ 578,250</td>
</tr>
</tbody>
</table>
1. Flat enrollment projection

2. One-time expenditures from TFSF for:
   - Palamanui ($500,000)
   - Culinary Institute of the Pacific at Kapi‘olani CC ($1,550,000)
   - IT Infrastructure Improvements at Leeward CC’s Education Center in Waianae ($550,000)
   - Development Education Reform Initiative ($900,000)
   - Reduce backlog of replacement equipment ($1,000,000)

3. One-time expenditure from RTRF for facility-related expenses ($1.1 M)

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<th>Other Rev</th>
<th>Fed Funds</th>
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<td>$18,854,000</td>
<td>$2,291,000</td>
<td>$3,130,675</td>
<td>$225,890,513</td>
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<tr>
<td>Expenditures</td>
<td>$133,476,206</td>
<td>$66,488,523</td>
<td>$2,852,000</td>
<td>$18,298,832</td>
<td>$2,291,000</td>
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<tr>
<td>Net Transfers</td>
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<td>$(5,378,329)</td>
<td>$(555,168)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$(5,073,804)</td>
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<tr>
<td>Rev less Exp/Trf</td>
<td>$(4,570,527)</td>
<td>$(1,150,000)</td>
<td>$(5,720,527)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Systemwide Support

1. $6.36 M in general funds for Performance Funding allocated to campuses at 75% level
2. $3.0 M in Athletics funding allocated to Mānoa ($2.7 M) and Hilo ($300k)
3. $1 M from Risk Management Special Fund for legal fees
General Fund appropriations have been increasing in recent years, primarily for collective bargaining, but still have not reached the peak (2009).

TFSF revenues have been steadily increasing, but FY17 will show a very slight increase.
After several years of declining enrollment from the peak in 2012, enrollment is projected for financial purposes to remain relatively flat for the next several years.

Work is underway on enrollment management.
General Funds and TFSF make up over 80% of the budget
Next Steps

1. Review and Acceptance by full Board of Regents

2. Quarterly Financial Reports will report on variances
   - FY16 Year-end report in September
   - Q1 FY17 in November

3. Biennium Budget process for FB17-19
   - Budget Policy Paper for next B&F Committee meeting (early September)
   - BOR approval of biennium budget request at October meeting