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# University of Hawaii Fiscal Year 2017 Operating Budgets

May 18, 2016

Budget and Finance Committee



# Introduction

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1. Second year of Board of Regents approving budgets for following Fiscal Year (FY)
2. Quarterly budgets at the campus system level
  - Annual budgets for units at Mānoa and Community Colleges
3. Budgets incorporate currently approved tuition rates for FY17 and legislative appropriations passed this most recent Session, ending May 5



# Brief Recap of BOR Approved Request

Campus	Description	BOR Approved		GOV Request		CD1	
Mānoa	CTAHR Cooperative Extension	4.00	350,000	-	330,000	4.00	330,000
Mānoa	ORC General Fund Salary Restoration		306,168		-		-
Mānoa	EHSO General Fund Salary Restoration		1,093,832		-		-
Mānoa	Cancer Center		5,000,000		4,000,000		-
Mānoa	Intercollegiate Athletics		3,000,000		-		-
Mānoa	Dance and Theater						350,000
Hilo	Student Athlete Success & Travel	3.00	560,000		-		-
Hilo	Conversion of Security from Contracts	37.00	420,000	27.00	-	27.00	-
UHOWO	West O'ahu Campus Evolution	12.00	728,020	12.00	728,020	6.00	357,604
CCs	Equipment Funds		1,250,000		1,250,000		1,250,000
Sys Support	Hawai'i Research & Innovation Initiative	20.00	3,500,000	20.00	3,500,000	-	-
Sys Support	Athletics						3,000,000
<b>Total</b>		<b>76.00</b>	<b>16,208,020</b>	<b>59.00</b>	<b>9,808,020</b>	<b>37.00</b>	<b>5,287,604</b>

These amounts are in General Funds only



# State Budget Totals

HB1700 CD1					
Campus	General Funds	Special Funds (ceiling)	Federal Funds (Ceiling)	Revolving Funds (Ceiling)	Total
UOH100 - Mānoa	195,571,866	361,082,295	6,873,565	65,039,713	628,567,439
UOH110 - JABSOM	17,937,727	27,758,949		6,603,547	52,300,223
UOH210 - Hilo	31,133,744	45,842,307	443,962	7,261,666	84,681,679
UOH220 - SBDC	978,941				978,941
UOH700 - West O'ahu	13,554,552	20,272,479	33,544	2,000,000	35,860,575
UOH800 - Comm. Coll.	121,458,842	98,465,109	4,428,296	5,044,753	229,397,000
UOH881 - Aquaria	651,158	3,117,141		996,499	4,764,798
UOH900 - Sys Support	52,294,105	16,017,434	957,327	17,238,873	86,507,739
<b>Total</b>	<b>433,580,935</b>	<b>572,555,714</b>	<b>12,736,694</b>	<b>104,185,051</b>	<b>1,123,058,394</b>



# General Fund Special Appropriations

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<u>Measure</u>	<u>\$\$\$</u>	<u>Description</u>
HB1608	\$ 750,000	Graduation Pathway System (GPS)
HB2772	\$ 560,000	Title IX and VAWA
SB2557	\$ 450,000	Concussion Monitoring and Education
SB2835	\$ 13,856,468	Unit 8 Collective Bargaining
<b>Total</b>	<b>\$ 15,616,468</b>	



# Operating Budget Request for Approval

<i>Revenues</i>	<u>Mānoa</u>	<u>Hilo</u>	<u>West-O'ahu</u>	<u>CCs</u>	<u>Sys Support</u>	<u>Total</u>
General Fund	232,678,083	34,869,891	13,938,931	131,647,547	55,849,583	468,984,035
TFSF	223,337,602	38,094,416	16,762,621	65,821,200	740,370	344,756,209
RTRF	29,949,273	3,852,458	158,000	1,702,000	12,059,406	47,721,137
Other Special Funds	117,880,469	7,653,614	411,000	18,854,000	2,936,421	147,735,504
Other Revolving Funds	30,042,187	2,362,161	1,646,000	2,291,000	1,418,100	37,759,448
Appropriated Federal	4,680,533	291,557	61,558	3,130,675	1,386,360	9,550,683
<b>Total</b>	<b>638,568,147</b>	<b>87,124,097</b>	<b>32,978,110</b>	<b>223,446,422</b>	<b>74,390,240</b>	<b>1,056,507,016</b>

<i>Expenditures + Xfers</i>	<u>Mānoa</u>	<u>Hilo</u>	<u>West-O'ahu</u>	<u>CCs</u>	<u>Sys Support</u>	<u>Total</u>
General Fund	232,678,083	34,869,891	13,938,931	131,647,547	55,849,583	468,984,035
TFSF	210,851,729	34,152,401	16,532,516	55,747,350	31,588,798	348,872,794
RTRF	29,995,958	3,851,043	160,200	2,852,000	11,845,594	48,704,795
Other Special Funds	134,326,565	7,653,176	479,000	17,764,568	2,963,791	163,187,100
Other Revolving Funds	29,118,304	2,315,909	698,000	2,003,295	1,268,804	35,404,312
Appropriated Federal	4,492,076	291,557	72,058	3,130,675	1,386,360	9,372,726
<b>Total</b>	<b>641,462,715</b>	<b>83,133,977</b>	<b>31,880,705</b>	<b>213,145,435</b>	<b>104,902,930</b>	<b>1,074,525,762</b>



# FY16 vs. FY17 Comparison

	Revenues		Expenditures		Rev-Exp	
	FY16	FY17	FY16	FY17	FY16	FY17
General Fund	439.9	469.0	439.9	469.0	-	-
TFSF	348.9	344.8	342.8	348.9	6.1	(4.1)
RTRF	48.9	47.7	47.6	48.7	1.3	(1.0)
Other Special Funds	171.6	147.7	182.5	163.2	(10.9)	(15.5)
Other Revolving Funds		37.8		35.4	-	2.4
Appropriated Federal		9.5		9.4	-	0.1
<b>Total</b>	<b>1,009.3</b>	<b>1,056.5</b>	<b>1,012.8</b>	<b>1,074.6</b>	<b>(3.5)</b>	<b>(18.1)</b>

This table is in millions of dollars

Note: for FY16, Appropriated Federal Funds were not budgeted and “Other Non-General Funds” combined both “Other Special Funds” and “Other Revolving Funds”



# FY16 vs. FY17 Comparison

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1. General Fund growth of \$29 M attributable to:
  - Collective Bargaining (\$22 M)
  - Budget (\$5.3 M) and other Specific Appropriations (\$1.8 M)
2. TFSF revenues forecasted to decline 1.1 percent, primarily due to declining enrollment.
3. TFSF expenditures are forecasted to increase by 1.8 percent, although this is before Performance Funding money is allocated to campuses from Systemwide Support. (\$6.3 M)





# TFSF Expenditures Outpacing Revenues

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1. Aggregate spending from TFSF is forecasted to outpace fiscal revenues by \$4.1 M
  - One-time expenditures
    - \$988,604 CRDM at Hilo
    - \$200,000 Energy Reinvestment Funds at Hilo
    - \$380,000 Converting Security at Hilo
    - \$150,000 Infrastructure for Student Success at Hilo
    - \$411,000 Debt Service for Student Housing at Hilo
    - \$500,000 for Palamanui (Community Colleges)
    - \$1,250,000 for Culinary Institute of the Pacific at Kapi‘olani Community College
    - \$1,100,000 for Remedial Education at Community Colleges
    - IT expenditures at Systemwide Support



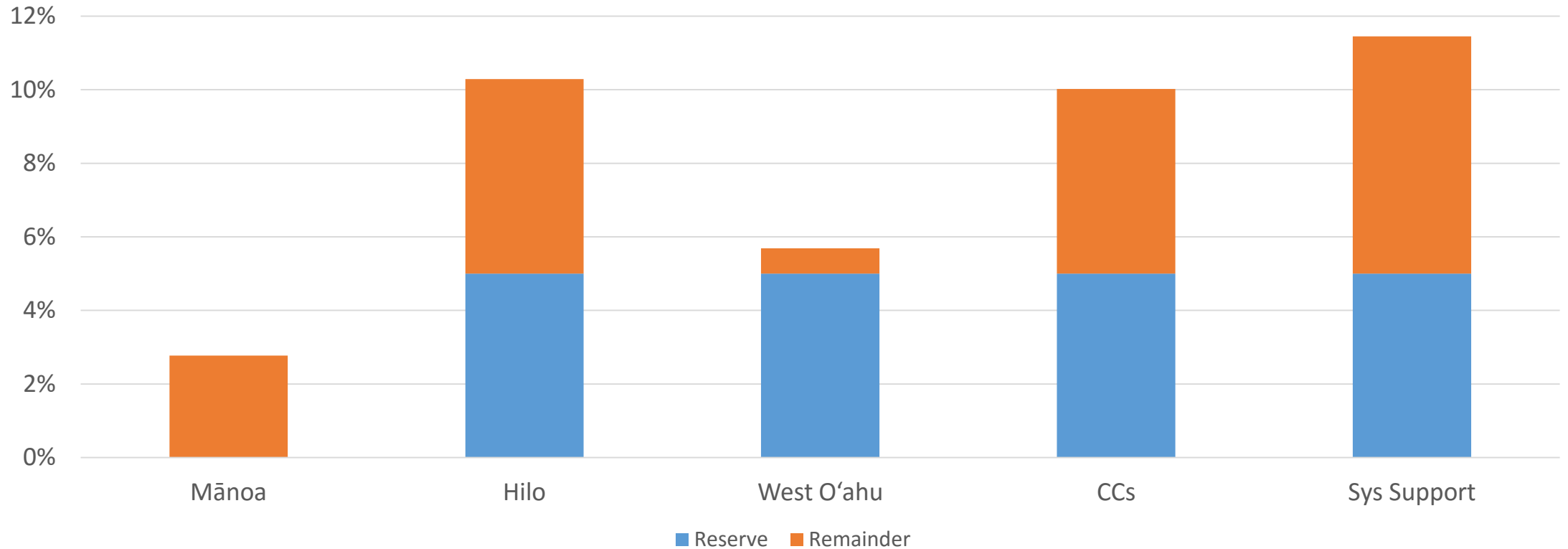
# TFSF Expenditures

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2. Additional personnel costs at UHWO
3. Note that TFSF Revenues exceed Expenditures for Mānoa (net positive)



# TFSF Reserve Levels



Reserve amount (5%) held at system (Blue). Remainder (Orange) is TFSF balance at campus.



# Budget Parameters

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1. For General Funds, campuses used HB1700 CD1 as the starting point, then added:
  - Estimates for Collective Bargaining
  - Specific Appropriations, if applicable
2. Implementation of Act 236
  - Ending balances for UH-Hilo, UH-West O‘ahu, and the Community Colleges will reflect centralized 5% reserve held at System level
  - Will not pre-empt campuses from maintaining campus level reserves above 5% in satisfaction of RP 8.203
3. Campus enrollment projections used IRAO data and other factors.
4. Utility costs were mostly flat, with the exception of UHWO.



# Act 236 Impact on TFSS Picture

1. Each campus begins the year with \$0 as their beginning balance, and an amount is transferred back to them at the start of the FY. This appears as “revenue” on spreadsheets, but these amounts are backed out in the table below to more accurately represent Net Operating Income (NOI = Revenues less Expenditures)
2. We do not include an estimate for the Transfer Out to occur at the end of FY17 to show projected Ending Balance at each campus.

	Mānoa	Hilo	West O’ahu	CCs	Sys Support
TFSS NOI	12,485,873	3,942,015	230,105	10,073,850	(32,178,428)
Act 236 Transfer	8,475,824	6,014,125	2,240,631	12,923,850	(29,654,430)
Adjusted NOI	4,010,049	(2,072,110)	(2,010,526)	(2,850,000)	(2,523,998)



# Mānoa

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	232,678,083	223,337,602	29,949,273	117,880,469	30,042,187	4,680,533	638,568,147
Expenditures	232,061,091	174,749,708	31,809,958	152,413,426	27,346,304	4,492,076	622,872,563
Net Transfers	(616,992)	(36,102,021)	1,814,000	18,086,861	(1,772,000)	-	(18,590,152)
Rev less Exp/Trf	-	12,485,873	(46,685)	(16,446,096)	923,883	188,457	(2,894,568)

1. Enrollment projected to decline by 3%
2. Slight decrease in TFSF Revenue is more than offset by decreases in Expenditures. (NOI = \$4.0 M)
3. Deficit in Other Special Funds attributable to Cancer Center and Athletics funding



# Hilo

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	34,869,891	38,094,416	3,852,458	7,653,614	2,362,161	291,557	87,124,097
Expenditures	34,403,376	31,403,484	3,851,043	13,664,331	2,315,909	291,557	85,929,700
Net Transfers	(466,515)	(2,748,917)	-	6,011,155	-	-	2,795,723
Rev less Exp/Trf	-	3,942,015	1,415	438	46,252	-	3,990,120

1. Enrollment projected to decline by 1.5%
2. TFSF expenditures include roughly \$2.1 M in one-time investments (debt service for student housing, CRDM, converting security, and energy reinvestment)



# West O‘ahu

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	13,938,931	16,762,621	158,000	411,000	1,646,000	61,558	32,978,110
Expenditures	14,706,755	11,676,554	160,200	3,148,678	698,000	72,058	30,462,245
Net Transfers	767,824	(4,855,962)	-	2,669,678	-	-	(1,418,460)
Rev less Exp/Trf	-	230,105	(2,200)	(68,000)	948,000	(10,500)	1,097,405

1. Enrollment projected to grow by 4% for FY17.
2. Includes 5% increase in utilities costs.
3. Personnel costs in TFSF are growing rapidly, and will need to be monitored.





# Community Colleges

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	131,647,547	65,821,200	1,702,000	18,854,000	2,291,000	3,130,675	223,446,422
Expenditures	131,891,269	63,153,669	2,852,000	17,209,400	2,003,295	3,130,675	220,240,308
Net Transfers	243,722	7,406,319	-	(555,168)	-	-	7,094,873
Rev less Exp/Trf	-	10,073,850	(1,150,000)	1,089,432	287,705	-	10,300,987

1. Flat enrollment projection
2. One-time expenditures from TFSF for:
  - Palamanui (\$500,000)
  - Culinary Institute of the Pacific at Kapi‘olani CC (\$1,250,000)
3. TFSF funding for Remedial Education (\$1,100,000)
4. One-time expenditures from RTRF for facility related expenses



# Systemwide Support

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	55,849,583	740,370	12,059,406	2,936,421	1,418,100	1,386,360	74,390,240
Expenditures	43,747,716	10,272,266	14,808,185	7,940,199	1,269,642	1,386,360	79,424,368
Net Transfers	(12,101,867)	(21,316,532)	2,962,591	4,976,408	838	-	(25,478,562)
Rev less Exp/Trf	-	(30,848,428)	213,812	(27,370)	149,296	-	(30,512,690)

1. Because of Act 236, Systemwide Support is projected to transfer \$29.7 M of TFSF money back to the campuses at the start of FY17.
2. \$3 M for Athletics in Systemwide Support will be transferred to campuses; but that split is not known at this time.
3. Similarly, Performance Funding (\$6.3 M) will be transferred to campuses, but that breakout also is not known at this time.



# Unknowns

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1. Exact impact of Act 236 TFSF transfers
2. Allotment of Collective Bargaining from State B&F
3. Any General Fund restrictions by State B&F
4. Transfer of funds for Performance Funding and Athletics
5. Actual enrollment vs. projections

**Administration recommends an updated budget or spending plan in early Fall to the Board.**



# Next Steps

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1. Review and Acceptance by B&F Committee (today)
2. Submittal to full Board of Regents for approval at June 2<sup>nd</sup> meeting
3. July 1<sup>st</sup>: Begin Fiscal Year 2017 (FY17)
4. September: Early-Fall Revision
5. FY17 Quarterly Financial Reports