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# University of Hawai'i Operating Budget for Fiscal Year 2017-18

August 10, 2017

B&F Committee



# Overview

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1. Third year of Board of Regents approving Fiscal Year operating budgets
2. Revenues are projected to only increase by 0.3% from FY17 actual collections
  - 10% restriction on “discretionary” General Fund appropriation from Governor and State B&F (*FY17 restriction was 5%*)
  - No tuition rate increase for FY18 coupled with declining enrollment
3. Slight increase (.06%) of Expenditures from FY17 budgets
4. Overall Net Operating Loss of \$15.6 million attributable to investments from funds with sufficient balances



# Operating Budget Request for Approval

Revenues	<u>Mānoa</u>	<u>Hilo</u>	<u>West O'ahu</u>	<u>CCs</u>	<u>Sys Support</u>	<u>Total</u>
General Fund	\$ 229,455,474	\$ 34,575,075	\$ 15,018,408	\$ 136,966,609	\$ 55,825,664	\$ 471,841,230
TFSF	\$ 220,800,567	\$ 36,632,748	\$ 17,835,564	\$ 65,612,600	\$ 1,517,940	\$ 342,399,419
RTRF	\$ 29,454,427	\$ 3,438,896	\$ 165,500	\$ 1,778,102	\$ 15,087,920	\$ 49,924,845
Other Special Funds	\$ 101,709,925	\$ 7,688,554	\$ 300,000	\$ 17,496,941	\$ 3,830,261	\$ 131,025,681
Other Revolving Funds	\$ 29,632,103	\$ 2,459,022	\$ 1,168,000	\$ 3,764,600	\$ 726,737	\$ 37,750,462
Appropriated Federal	\$ 5,401,761	\$ 291,557	\$ 66,000	\$ 3,530,000	\$ 358,873	\$ 9,648,191
<b>Total</b>	<b>\$ 616,454,257</b>	<b>\$ 85,085,852</b>	<b>\$ 34,553,472</b>	<b>\$ 229,148,852</b>	<b>\$ 77,347,395</b>	<b>\$ 1,042,589,828</b>
Expenditures + Xfers	<u>Mānoa</u>	<u>Hilo</u>	<u>West O'ahu</u>	<u>CCs</u>	<u>Sys Support</u>	<u>Total</u>
General Fund	\$ 229,455,474	\$ 34,575,075	\$ 15,018,408	\$ 136,966,609	\$ 55,825,664	\$ 471,841,230
TFSF	\$ 219,346,022	\$ 38,768,228	\$ 17,822,647	\$ 69,377,600	\$ 284,186	\$ 345,598,683
RTRF	\$ 35,272,392	\$ 3,621,550	\$ 195,516	\$ 1,778,102	\$ 16,165,100	\$ 57,032,660
Other Special Funds	\$ 109,388,215	\$ 7,464,942	\$ 300,000	\$ 17,496,941	\$ 5,158,845	\$ 139,808,943
Other Revolving Funds	\$ 26,954,502	\$ 2,458,661	\$ 710,500	\$ 3,764,600	\$ 548,818	\$ 34,437,081
Appropriated Federal	\$ 5,245,639	\$ 291,557	\$ 66,000	\$ 3,530,000	\$ 358,873	\$ 9,492,069
<b>Total</b>	<b>\$ 625,662,244</b>	<b>\$ 87,180,013</b>	<b>\$ 34,113,071</b>	<b>\$ 232,913,852</b>	<b>\$ 78,341,486</b>	<b>\$ 1,058,210,666</b>



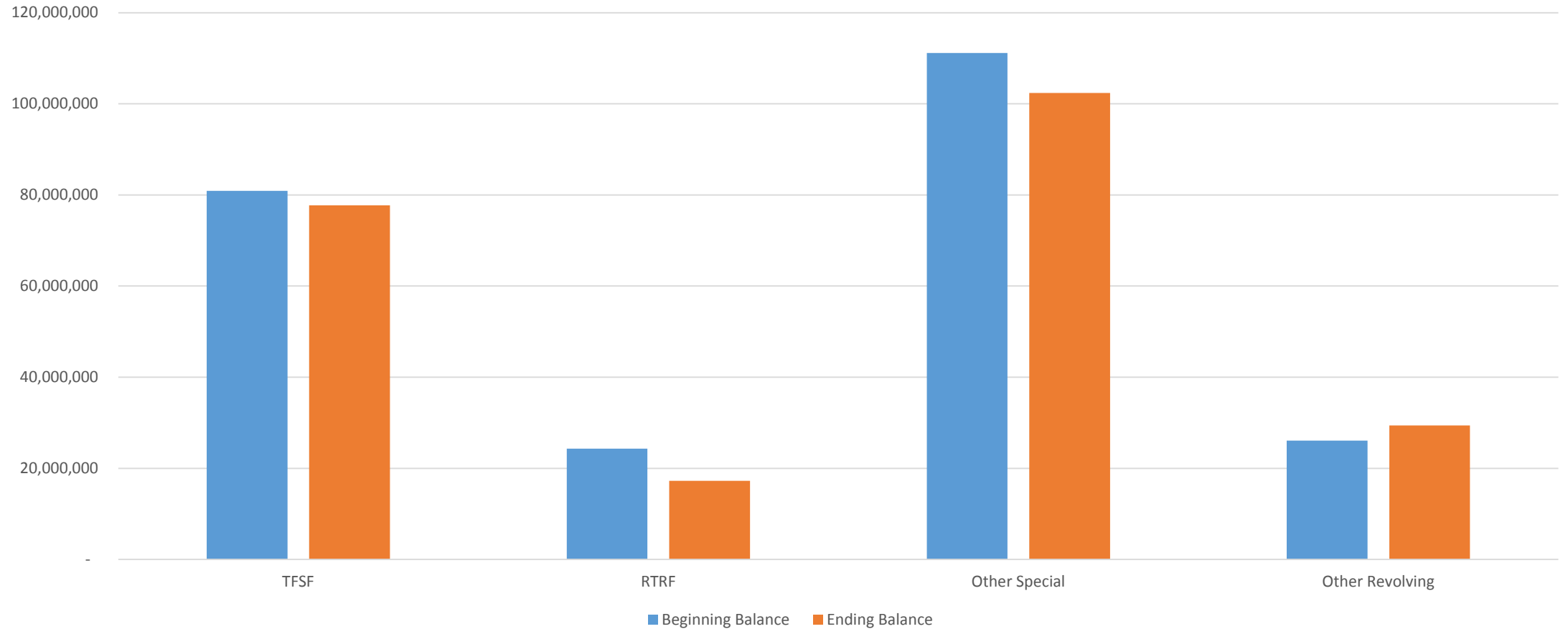
# Fund Balances and Net Operating Income

	GF	TFSF	RTRF	Other SF	Other RF	Fed Funds	Total
Beginning Balance	\$ -	\$ 80,916,175	\$ 24,343,429	\$ 111,157,968	\$ 26,087,672	\$ (1,075,936)	\$ 241,429,308
Rev less Exp	\$ -	\$ (3,199,264)	\$ (7,107,815)	\$ (8,783,262)	\$ 3,313,381	\$ 156,122	\$ (15,620,838)
Ending Balance	\$ -	\$ 77,716,911	\$ 17,235,614	\$ 102,374,706	\$ 29,401,053	\$ (919,814)	\$ 225,808,470

1. Total Net Operating Income (Revenues less Expenditures) shows a loss of \$15.6 million across all funds
2. TFSF loss attributable to investments by Hilo (\$2.1 M) and Community Colleges (\$3.7 M). Both campus TFSF balances are >13% when including 5% central reserve
3. RTRF loss attributable to declining revenue and conservative budgeting
4. Other Special Fund loss attributable primarily to one-time expenditures in Student Housing (\$7 M) and Telecomm (\$1.6 M) at Mānoa. Both funds are well in excess of their 16% reserve targets

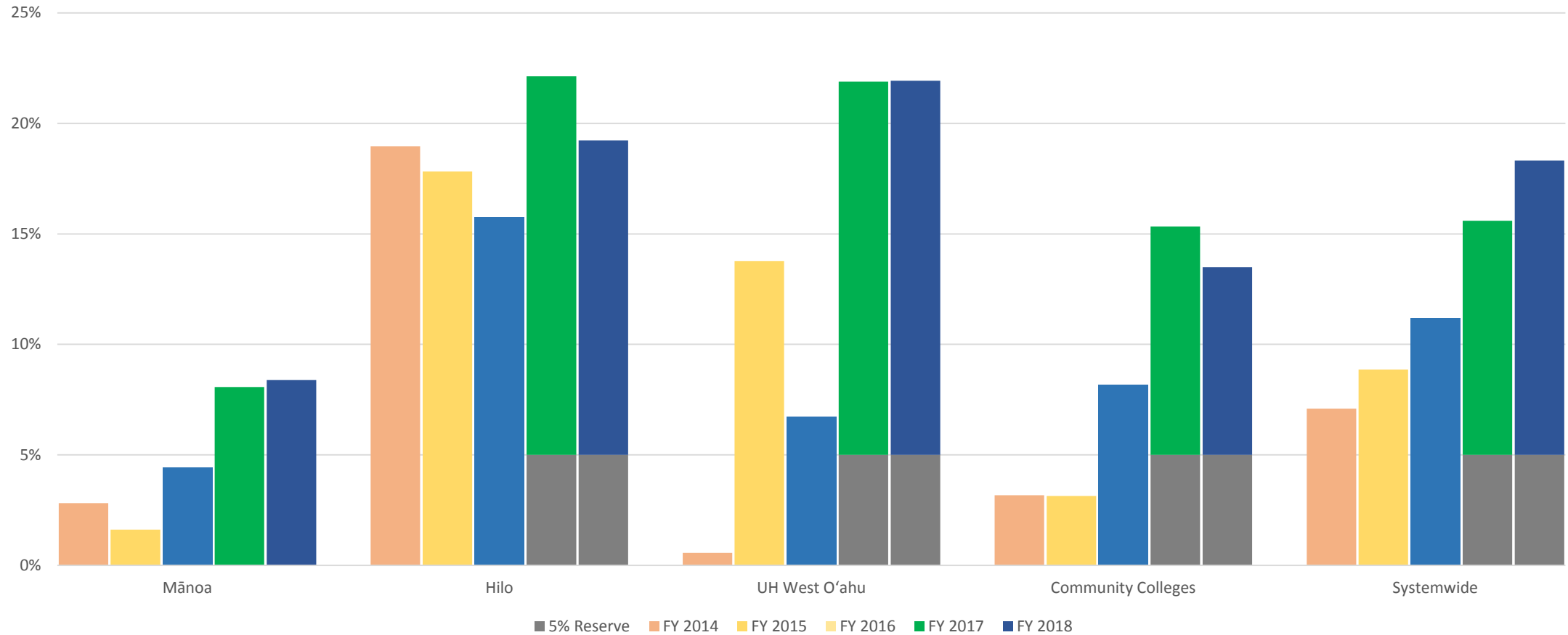


# Beginning and Ending Balances





# TFSF Reserve Levels (FY14-FY18)





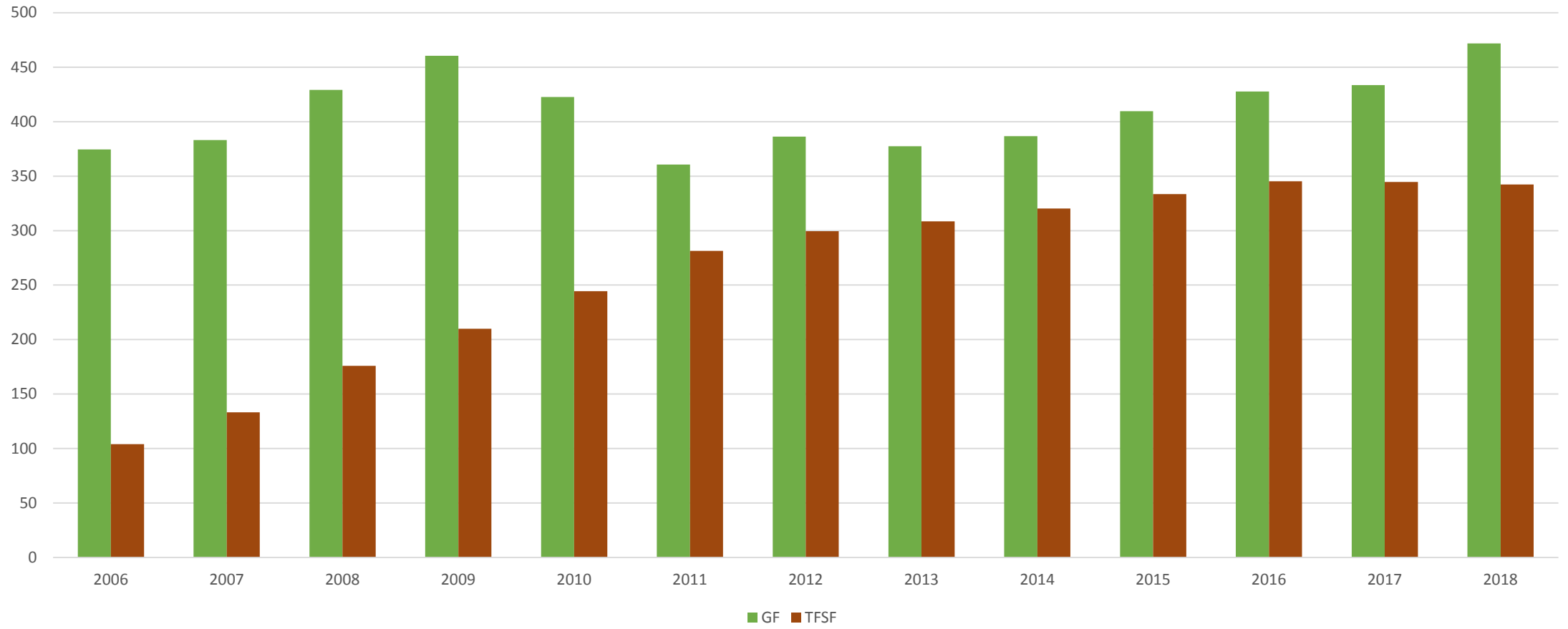
# FY18 Budget vs. FY17 Actual Comparison

	Revenues			Expenditures & Net Transfers			Rev-Exp/Trf	
	FY18 Budget	FY17 Actual	Diff	FY18 Budget	FY17 Actual	Diff	FY18 Budget	FY17 Actual
General Funds	\$471.8	\$471.5	\$0.3	\$471.8	\$471.5	\$0.3	\$0.0	\$0.0
TFSF	\$342.4	\$345.6	(\$3.2)	\$345.6	\$321.3	\$24.3	(\$3.2)	\$24.3
RTRF	\$49.9	\$47.2	\$2.7	\$57.0	\$50.4	\$6.6	(\$7.1)	(\$3.2)
Other SF	\$131.0	\$132.1	(\$1.1)	\$139.8	\$124.0	\$15.8	(\$8.8)	\$8.1
Other RF	\$37.8	\$36.3	\$1.5	\$34.4	\$30.8	\$3.6	\$3.4	\$5.5
Appropriated Fed	\$9.6	\$7.1	\$2.5	\$9.5	\$8.3	\$1.2	\$0.1	(\$1.2)
Total	\$1,042.6	\$1,039.7	\$2.9	\$1,058.2	\$1,006.3	\$51.9	(\$15.6)	\$33.4

1. Revenues are slightly higher, with the exception of TFSF and other Special Funds
2. FY18 Expenditures for all funds are higher than FY17 actuals, although very close to FY17 budgets



# General Fund and TFSF Revenues for FY06-FY18 (in \$millions)







# Mānoa

	<u>General Fund</u>	<u>TF SF</u>	<u>RTRF</u>	<u>Other Special</u>	<u>Other Revolving</u>	<u>Fed Funds</u>	<u>Total</u>
Revenues	\$ 229,455,474	\$ 220,800,567	\$ 29,454,427	\$ 101,709,925	\$ 29,632,103	\$ 5,401,761	\$ 616,454,257
Expenditures	\$ 234,337,820	\$ 171,251,043	\$ 35,872,893	\$ 148,355,291	\$ 27,303,502	\$ 5,245,639	\$ 622,366,188
Net Transfers	\$ (4,882,346)	\$ 48,094,979	\$ (600,501)	\$ (38,967,076)	\$ (349,000)	\$ -	\$ 3,296,056
<b>Rev less Exp/Trf</b>	<b>\$ -</b>	<b>\$ 1,454,545</b>	<b>\$ (5,817,965)</b>	<b>\$ (7,678,290)</b>	<b>\$ 2,677,601</b>	<b>\$ 156,122</b>	<b>\$ (9,207,987)</b>

1. 2% projected decline in enrollment
  - All units are working to strengthen enrollment, but this is a conservative “safe” projection for budget purposes
2. Strategic investments in enrollment management and focused hiring, including to strengthen research
3. Implementation of centralized position control and new budget model



# Mānoa (continued)

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## 4. Other Special Funds operating loss attributable to:

- Planned Renovations at Hale Noelani (\$5 million), Frear Hall (\$1 million), and Atherton (\$1 million) for a total of \$7 million (one-time)
- Telecomm upgrades (\$1.6 million one-time)
- Cancer Center (\$2.1 million ongoing) – discussed in Narrative
- Athletics (\$3 million ongoing) – discussed in Narrative

## 5. RTRF operating loss is the result of conservative budgeting

- This budget assumes that all allocated RTRF funds will be spent in the coming year – although historically allocated funds are expended over several years



# Hilo

	<u>General Fund</u>	<u>TFSF</u>	<u>RTRF</u>	<u>Other Special</u>	<u>Other Revolving</u>	<u>Fed Funds</u>	<u>Total</u>
Revenues	\$ 34,575,075	\$ 36,632,748	\$ 3,438,896	\$ 7,688,554	\$ 2,459,022	\$ 291,557	\$ 85,085,852
Expenditures	\$ 34,951,072	\$ 30,313,953	\$ 3,338,550	\$ 13,296,978	\$ 2,458,661	\$ 291,557	\$ 84,650,771
Net Transfers	\$ (375,997)	\$ 8,454,275	\$ 283,000	\$ (5,832,036)	\$ -	\$ -	\$ 2,529,242
Rev less Exp/Trf	\$ -	\$ (2,135,480)	\$ (182,654)	\$ 223,612	\$ 361	\$ -	\$ (2,094,161)

1. 1.2% projected decline in enrollment
2. TFSF commitments total \$2,135,480:
  - \$405,480 for energy efficiency (one-time)
  - \$1,330,000 for DKICP building learning spaces (one-time)
  - \$200,000 for partial debt service payments for Student Housing (one-time)
  - \$200,000 for financial aid retention through employment (recurring – 3 years)
3. Performance funding to be used to support enrollment management including peer mentors, student employee support, communication to new and prospective students, and lecturers for foundational courses.



# West O‘ahu

	<u>General Fund</u>	<u>TFSF</u>	<u>RTRF</u>	<u>Other Special</u>	<u>Other Revolving</u>	<u>Fed Funds</u>	<u>Total</u>
Revenues	\$ 15,018,408	\$ 17,835,564	\$ 165,500	\$ 300,000	\$ 1,168,000	\$ 66,000	\$ 34,553,472
Expenditures	\$ 15,566,399	\$ 10,524,120	\$ 195,516	\$ 2,620,000	\$ 710,500	\$ 66,000	\$ 29,682,535
Net Transfers	\$ (547,991)	\$ 7,298,527	\$ -	\$ (2,320,000)	\$ -	\$ -	\$ 4,430,536
<b>Rev less Exp/Trf</b>	<b>\$ -</b>	<b>\$ 12,917</b>	<b>\$ (30,016)</b>	<b>\$ -</b>	<b>\$ 457,500</b>	<b>\$ -</b>	<b>\$ 440,401</b>

1. 2% projected growth in enrollment
2. No significant fiscal imbalances
3. Strategic focus on student recruitment and retention, long-range integrated campus planning



# Community Colleges

	<u>General Fund</u>	<u>TFSF</u>	<u>RTRF</u>	<u>Other Special</u>	<u>Other Revolving</u>	<u>Fed Funds</u>	<u>Total</u>
Revenues	\$ 136,966,609	\$ 65,612,600	\$ 1,778,102	\$ 17,496,941	\$ 3,764,600	\$ 3,530,000	\$ 229,148,852
Expenditures	\$ 136,255,000	\$ 63,657,828	\$ 1,778,102	\$ 16,917,814	\$ 3,764,600	\$ 3,530,000	\$ 225,903,344
Net Transfers	\$ 711,609	\$ 5,719,772	\$ -	\$ 579,127	\$ -	\$ -	\$ 7,010,508
<b>Rev less Exp/Trf</b>	\$ -	<b>\$ (3,765,000)</b>	\$ -	\$ -	\$ -	\$ -	<b>\$ (3,765,000)</b>

1. Flat enrollment projection
2. TFSF investments total \$3,765,000
  - \$1,500,000 for R&M and equipment
  - \$800,000 for co-requisite remediation and development
  - \$375,000 for Student Success initiatives
  - \$300,000 for Early College dual credit program
  - \$790,000 for distance learning, GPS, adult students, and open educational resources
3. Implementing Hawai‘i Promise Program (\$1.8 M in general funds)



# Systemwide Support

	<u>General Fund</u>	<u>TFSE</u>	<u>RTRF</u>	<u>Other Special</u>	<u>Other Revolving</u>	<u>Fed Funds</u>	<u>Total</u>
Revenues	\$ 55,825,664	\$ 1,517,940	\$ 15,087,920	\$ 3,830,261	\$ 726,737	\$ 358,873	\$ 77,347,395
Expenditures	\$ 45,102,834	\$ 12,132,666	\$ 17,416,243	\$ 10,275,777	\$ 503,129	\$ 358,873	\$ 85,789,522
Net Transfers	\$ 10,722,830	\$ (11,848,480)	\$ (1,251,143)	\$ (5,116,932)	\$ 45,689	\$ -	\$ (7,448,036)
<b>Rev less Exp/Trf</b>	\$ -	\$ <b>1,233,754</b>	\$ <b>(1,077,180)</b>	\$ <b>(1,328,584)</b>	\$ <b>177,919</b>	\$ -	\$ <b>(994,091)</b>

1. \$2.45 million in Performance Funding was not earned by campuses and will be invested by Systemwide to support Strategic Directions at the campuses: enrollment and academic planning, economic development and commercialization, improving business efficiency, and advancing UH as a model indigenous-serving institution
2. RTRF challenges as a result of declining revenues
3. Other Special Fund deficit due to Risk Management Special Fund advancing funding, but will be reimbursed in the future



# Enrollment Management

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1. Systemwide Enrollment Management Plan lays out framework and shared activities.
2. Mānoa has established Strategic Enrollment Management Committee that meets weekly to holistically address immediate enrollment challenges and opportunities, planning for systemic improvements during FY18 and beyond.
3. Hilo will redescribe and fill Associate Vice Chancellor positions in Academic Affairs and Student Affairs to lead campus enrollment management efforts.
4. West O‘ahu is investing in Early College Pathways, Retention of Year 2 to Year 3 students, and transfers.
5. Community Colleges are looking to expand dual enrollment at high schools and improve communication and engagement of students.



# Next Steps

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1. Review and Acceptance as appropriate based on discussion today
2. Review and Acceptance by full Board of Regents – Aug. 24
3. Quarterly Financial Reports
  - FY17 Year-end report in September
  - Q1 FY18 in November





# Year-End Balances (FY14-FY18)

