



University of Hawai'i Operating Budget for Fiscal Year 2018-19

August 2, 2018

B&F Committee



Overview

1. Revenues are projected to increase by 1.9% compared to estimated FY18 actuals:
 - General Fund increasing by \$16.7 million (3.4%)
 - TFSF increasing by \$2.2 million (0.6%)
 - RTRF increasing by \$1.5 million (3.0%)
 - Other Revolving Funds decreasing by \$1.5 million (-4.0%)
2. Expenditures are increasing by 7.2% compared to FY18 actual expenditures, mostly attributable to collective bargaining increases and planned replacement or repair.
3. Overall Net Operating Loss of \$28.1 million is mostly attributable to one-time expenses. However, fund balances are adequate and still above reserve targets.



Operating Budget Request for Approval

Revenues	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 246,964,205	\$ 37,573,792	\$ 17,172,898	\$ 144,499,589	\$ 55,683,613	\$ 501,894,097
TFSF	\$ 225,628,719	\$ 34,485,668	\$ 18,161,521	\$ 62,014,760	\$ 2,441,650	\$ 342,732,318
RTRF	\$ 31,188,008	\$ 1,920,380	\$ 370,000	\$ 1,334,058	\$ 17,231,400	\$ 52,043,846
Other Special Funds	\$ 102,550,866	\$ 8,176,406	\$ 469,775	\$ 18,875,276	\$ 4,627,647	\$ 134,699,970
Other Revolving Funds	\$ 31,712,153	\$ 2,093,228	\$ 794,692	\$ 1,908,901	\$ 989,610	\$ 37,498,584
Appropriated Federal	\$ 5,401,751	\$ 300,509	\$ 80,000	\$ 3,054,528	\$ 384,999	\$ 9,221,787
Total	\$ 643,445,702	\$ 84,549,983	\$ 37,048,886	\$ 231,687,112	\$ 81,358,919	\$ 1,078,090,602

Expenditures + Xfers	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 246,964,205	\$ 37,573,792	\$ 17,172,898	\$ 144,499,589	\$ 55,683,613	\$ 501,894,097
TFSF	\$ 223,326,550	\$ 36,452,252	\$ 18,161,521	\$ 66,586,760	\$ 1,264,901	\$ 345,791,984
RTRF	\$ 35,199,069	\$ 2,089,907	\$ 462,417	\$ 1,334,058	\$ 17,231,400	\$ 56,316,851
Other Special Funds	\$ 120,498,571	\$ 7,954,375	\$ 117,755	\$ 18,875,276	\$ 6,547,755	\$ 153,993,732
Other Revolving Funds	\$ 32,597,164	\$ 2,316,184	\$ 1,339,023	\$ 1,908,901	\$ 942,107	\$ 39,103,379
Appropriated Federal	\$ 5,245,639	\$ 300,509	\$ 80,000	\$ 3,054,528	\$ 384,999	\$ 9,065,675
Total	\$ 663,831,198	\$ 86,687,019	\$ 37,333,614	\$ 236,259,112	\$ 82,054,775	\$ 1,106,165,718



FY19 Budget vs. FY18 Actual Comparison

(\$ Millions)

Type of Fund	Revenues			Expenditures & Net Transfers			Rev less Exp/Trf	
	FY19 Proj.	FY18 Act.	Diff	FY19 Proj.	FY18 Act.	Diff	FY19 Proj.	FY18 Act.
General Funds	\$ 501.89	\$ 485.17	\$ 16.73	\$ 501.89	\$ 485.17	\$ 16.73	\$ 0.00	\$ 0.00
Tuition & Fees	\$ 342.73	\$ 340.54	\$ 2.19	\$ 345.79	\$ 320.94	\$ 24.85	(\$ 3.06)	\$ 19.60
RTRF	\$ 52.04	\$ 50.55	\$ 1.49	\$ 56.32	\$ 50.41	\$ 5.91	(\$ 4.27)	\$ 0.14
Other Special Funds	\$ 134.70	\$ 134.65	\$ 0.05	\$ 153.99	\$ 22.29	\$ 31.70	(\$ 19.29)	\$ 12.36
Other Revolving Funds	\$ 37.50	\$ 39.04	(\$ 1.54)	\$ 39.10	\$ 33.94	\$ 5.17	(\$ 1.60)	\$ 5.10
Appropriated Federal Funds	\$ 9.22	\$ 8.20	\$ 1.03	\$ 9.07	\$ 7.98	\$ 1.08	\$ 0.16	\$ 0.21
Total	\$ 1,078.09	\$ 1,058.15	\$ 19.94	\$ 1,106.17	\$ 1,020.72	\$ 85.44	(\$ 28.08)	\$ 37.43

1. Revenues are higher than FY18, with the exception of other Revolving Funds.
2. FY19 Expenditures for all funds are higher than FY18 actuals, primarily due to collective bargaining and one-time expenditures.



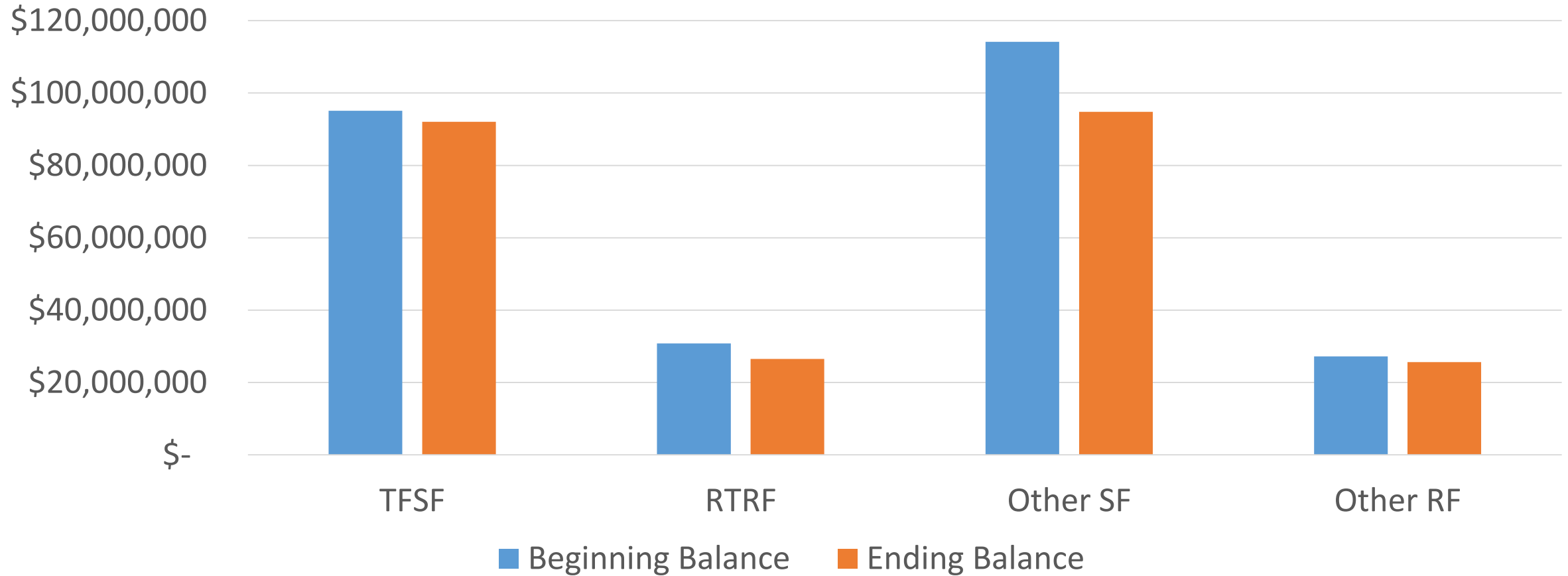
Fund Balances and Net Operating Income

	GF	TFSF	RTRF	Other SF	Other RF	Fed Funds	Total
Beginning Balance	\$ -	\$ 95,120,737	\$ 30,764,482	\$ 114,129,269	\$ 27,234,963	\$ (3,887,296)	\$ 263,362,155
Rev less Exp	\$ -	\$ (3,059,666)	\$ (4,273,001)	\$ (19,293,762)	\$ (1,604,795)	\$ 156,122	\$ (28,075,102)
Ending Balance	\$ -	\$ 92,061,071	\$ 26,491,481	\$ 94,835,507	\$ 25,630,168	\$ (3,731,174)	\$ 235,287,053
16% Target	n/a	\$ 134,757,860	\$ 9,010,696	\$ 24,638,997	\$ 6,256,541	n/a	

1. Total Net Operating Income (Revenues less Expenditures) shows a loss of \$28.1 million across all funds.
2. TFSF loss attributable to enrollment decline, although the campuses with losses (Hilo and Community Colleges) have healthy fund balances.
3. RTRF loss attributable to declining revenue and conservative budgeting. However, RTRF's fund balance (\$26.5 M) is well above the 16% target (\$9.0 M).
4. Other Special Fund loss attributable primarily to one-time expenditures at Mānoa. Although again, fund balances (\$94.8 M) far exceed the 16% target (\$24.6 M).
5. Other Revolving Fund loss attributable due to conservative revenue projections and planned expenditures for renovation and repairs.

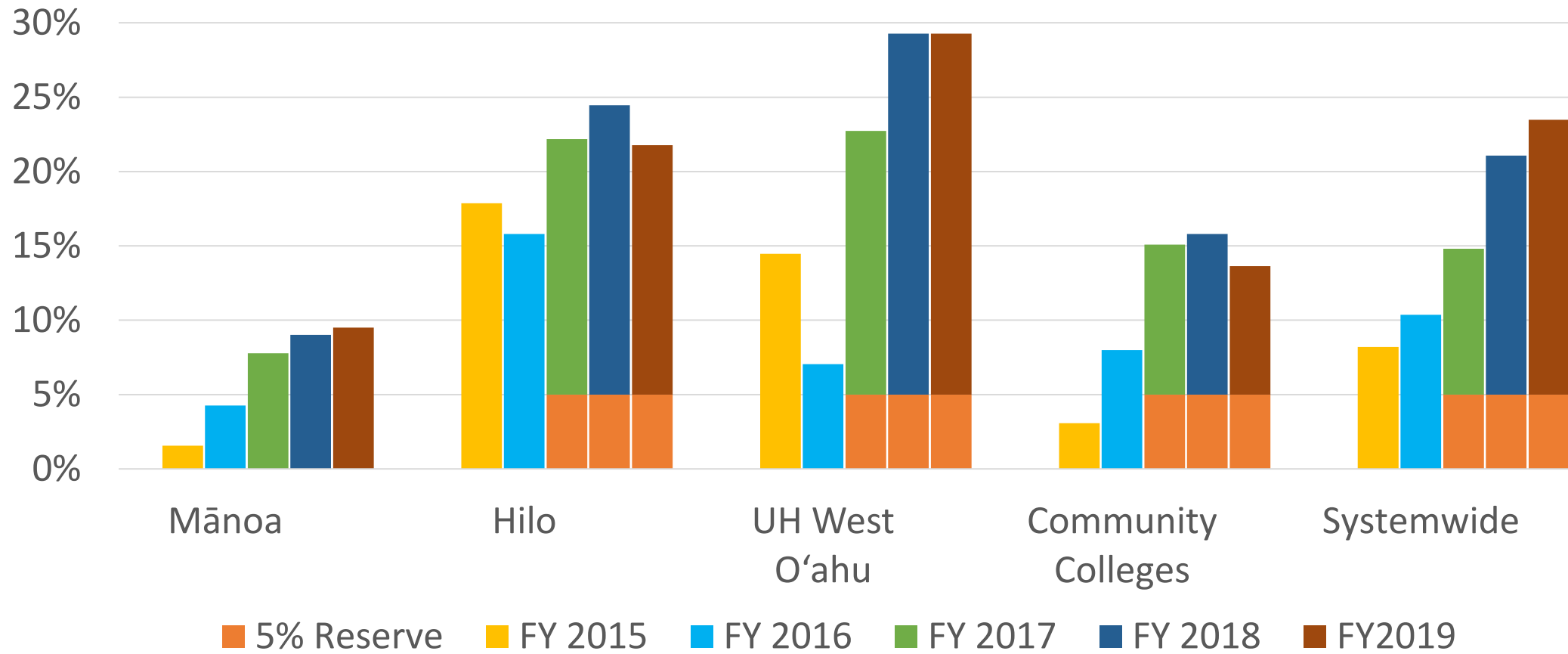


Beginning and Ending Balances





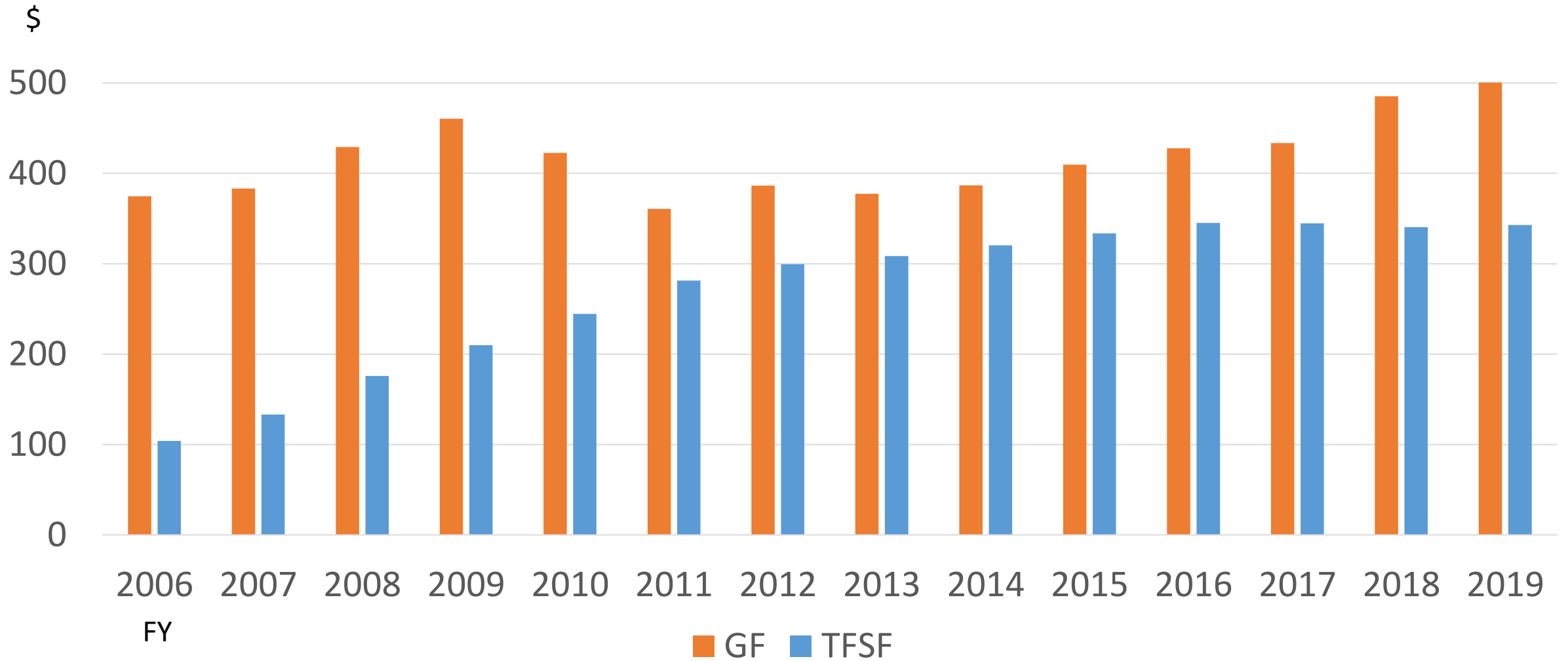
TFSF Reserve Levels (FY15-FY19) by campus





General Fund and TFSF Revenues for FY06-FY19

(\$ millions)





Mānoa

	<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	\$ 246,964,205	\$ 225,628,719	\$ 31,188,008	\$ 102,550,866	\$ 31,712,153	\$ 5,401,751	\$ 643,445,702
Expenditures	\$ 247,726,593	\$ 172,027,877	\$ 33,187,764	\$ 157,401,790	\$ 32,369,105	\$ 5,245,639	\$ 647,958,768
Net Transfers	\$ (762,388)	\$ 51,298,673	\$ 2,011,305	\$ (36,903,219)	\$ 228,059	\$ -	\$ 15,872,430
Rev less Exp/Trf	\$ -	\$ 2,302,169	\$ (4,011,061)	\$ (17,947,705)	\$ (885,011)	\$ 156,112	\$ (20,385,496)

1. 0.69% projected decline in enrollment
 - Smallest percentage enrollment decline since 2012
2. Strategic enrollment management is a top priority
 - Short-term: Stop enrollment decline
 - Longer-term: Return to enrollment of 20,000 by 2020
3. Despite a projected Net Operating Loss of \$20.4 million across all funds, Mānoa has a projected ending balance of \$134.1 million. Even when reserve requirements of \$77.2 million are accounted for, this still leaves a balance of \$56.9 million, above the 5% target.



Mānoa (continued)

4. Expenditures are higher than prior FY, mostly attributable to increases from Other Special Funds for three units that have one time repair and replacement expenses.
 - Campus Services – Faculty Housing (\$1.1 million) and Parking (\$3.1 million)
 - Student Housing – Hale Noelani (\$10 million) and boiler/AC/water replacements and repairs (\$2.1 million)
 - Campus Center – HVAC, flooring, modernization, and efficiency upgrades (\$12.7 million)
5. Revenues projected to increase by \$6.8 million compared to FY18 actuals, attributable to slight increases in General Fund, TFSF, and RTRF.



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	\$ 37,573,792	\$ 34,485,668	\$ 1,920,380	\$ 8,176,406	\$ 2,093,228	\$ 300,509	\$ 84,549,983
Expenditures	\$ 37,090,875	\$ 28,304,797	\$ 2,939,907	\$ 13,666,370	\$ 2,316,184	\$ 300,509	\$ 84,618,642
Net Transfers	\$ 482,917	\$ 8,147,455	\$ (850,000)	\$ (5,711,995)	\$ -	\$ -	\$ 2,068,377
Rev less Exp/Trf	\$ -	\$ (1,966,584)	\$ (169,527)	\$ 222,031	\$ (222,956)	\$ -	\$ (2,137,036)

1. Hilo anticipates coverage of volcanic activity to have an adverse impact on enrollment. (Projected 6.0% decline)
2. Across all funds, revenues projected to decrease by 0.9% compared to actual FY18 collections. This is due to a projected decrease in most funds which is partially offset by an increase in General Funds due to collective bargaining increases.
3. Hilo is proposing to spend \$2.0 million from TFSF more than projected revenues in FY19 to cover planned commitments and one-time expenses.
 - This still leaves a balance of \$10.3 million, which is 14.0% of their annual expenditures and is on top of the 5% reserve held at System.



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	\$ 17,172,898	\$ 18,161,521	\$ 370,000	\$ 469,775	\$ 794,692	\$ 80,000	\$ 37,048,886
Expenditures	\$ 17,580,670	\$ 11,272,121	\$ 462,417	\$ 3,097,755	\$ 1,339,023	\$ 80,000	\$ 33,831,986
Net Transfers	\$ (407,772)	\$ 6,889,400	\$ -	\$ (2,980,000)	\$ -	\$ -	\$ 3,501,628
Rev less Exp/Trf	\$ -	\$ -	\$ (92,417)	\$ 352,020	\$ (544,331)	\$ -	\$ (284,728)

1. Flat enrollment projection
2. Small Net Operating Loss of \$284,728. This is largely attributable to Other Revolving Funds. However, ending balances are projected to be \$9.9 million.



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	\$ 144,499,589	\$ 62,014,760	\$ 1,334,058	\$ 18,875,276	\$ 1,908,901	\$ 3,054,528	\$ 231,687,112
Expenditures	\$ 145,790,791	\$ 58,392,523	\$ 1,334,058	\$ 18,289,112	\$ 1,908,901	\$ 3,054,528	\$ 228,769,913
Net Transfers	\$ (1,291,202)	\$ 8,194,237	\$ -	\$ 586,164	\$ -	\$ -	\$ 7,489,199
Rev less Exp/Trf	\$ -	\$ (4,572,000)	\$ -	\$ -	\$ -	\$ -	\$ (4,572,000)

1. Projected 0.3% decline in TFSF revenue as a result of flat enrollment and conservative budgeting.
2. TFSF investments totaling \$4,572,000 will be made at the campuses for repair and maintenance projects and other classroom upgrades. There are sufficient fund balances to accommodate these one-time expenditures.



Systemwide Support

	<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	\$ 55,683,613	\$ 2,441,650	\$ 17,231,400	\$ 4,627,647	\$ 989,610	\$ 384,999	\$ 81,358,919
Expenditures	\$ 48,255,709	\$ 11,034,468	\$ 15,351,830	\$ 11,470,005	\$ 1,009,264	\$ 384,999	\$ 87,506,275
Net Transfers	\$ 7,427,904	\$ (9,769,567)	\$ 1,879,570	\$ (4,922,250)	\$ (67,157)	\$ -	\$ (5,451,500)
Rev less Exp/Trf	\$ -	\$ 1,176,749	\$ -	\$ (1,920,108)	\$ 47,503	\$ -	\$ (695,856)

1. Other Special Funds show operating loss due to anticipated payments toward POST building recovery and operating expenses for Mānoa Innovation Center. Ending balance of \$10.9 million is above reserve target.
2. TFSF operating gain primarily due to interest income.



Enrollment Management

1. Enrollment is projected to decline in FY19, although the rate appears to be slowing.
2. Each campus is focused on enrollment management and has different strategies based on their target demographics and mission.
3. Recognizing that there is no “silver bullet,” administration is looking at a variety of options in a variety of areas:
 - Transfer rates
 - Retention
 - Marketing, branding, and recruitment
 - Mentoring, counseling, and guidance
4. Additional information can be found in each campus’ section.



Next Steps

1. Review and Acceptance as appropriate based on discussion today
2. Review and Acceptance by full Board of Regents – August 16
3. Quarterly Financial Reports
 - FY18 Year-end report in September
 - Q1 FY19 in November