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# University of Hawai'i Operating Budget for Fiscal Year 2020-2021

November 4, 2020

Committee on Budget and Finance



# Overview

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- As a result of the COVID-19 global pandemic and economic downturn, total revenues for all fund types are projected to decrease by **-\$60.7 million (-5.8%)** as compared to FY20 actual revenues.
- Projected expenditures and transfers decrease by **-\$7.8 million (-0.8%)** as compared to FY20 actual expenditures.
- The result is a Net Operating Income (Revenues less Expenditures) of **-\$14.2 million** (loss) as compared to a \$38.7 million gain for FY20. The operating loss is primarily in Other Special Funds (**-\$38.2 million**).



# Assumptions

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- Budget execution instructions put forth by the Governor in Executive Memorandum No. 20-08 (dated Sept. 14) restrict 10% of the discretionary budget of UH for the first two quarters of FY21. Annualizing this assumption represents a large shift from the earlier presentation:
  - ~~-16%~~ -10% Restriction on **discretionary** General Fund appropriations by State B&F/Governor
  - -5% Reduction in Tuition & Fees Special Fund (TFSF) Revenues with a few exceptions (Hilo DKICP and Community Colleges)
  - Flat revenue for Research and Training Revolving Fund (RTRF)
- No use of TFSF reserves.
- Only Executive/Managerial (EM) pay reduction in this spending plan. No furloughs or other salary reductions.



# Total FY21 Operating Budget Request

Revenues	<u>Mānoa</u>	<u>Hilo</u>	<u>West O'ahu</u>	<u>CCs</u>	<u>Sys Support</u>	<u>Total</u>
General Fund	\$ 252,839,614	\$ 38,021,457	\$ 18,047,872	\$ 150,468,316	\$ 55,771,102	\$ 515,148,361
TFSF	\$ 206,107,415	\$ 30,888,533	\$ 16,560,000	\$ 54,585,497	\$ 1,178,928	\$ 309,320,373
RTRF	\$ 32,513,608	\$ 2,388,217	\$ 367,653	\$ 1,504,078	\$ 15,343,692	\$ 52,117,248
Other Special Funds	\$ 62,478,697	\$ 4,915,977	\$ 54,558	\$ 14,524,272	\$ 4,638,500	\$ 86,612,004
Other Revolving Funds	\$ 15,938,528	\$ 1,500,047	\$ 717,911	\$ 987,426	\$ 1,338,172	\$ 20,482,084
Appropriated Federal	\$ 4,954,277	\$ 291,557	\$ 100,000	\$ 2,867,849	\$ 656,000	\$ 8,869,683
<b>Total</b>	<b>\$ 574,832,139</b>	<b>\$ 78,005,788</b>	<b>\$ 35,847,994</b>	<b>\$ 224,937,438</b>	<b>\$ 78,926,394</b>	<b>\$ 992,549,753</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	\$ 252,839,614	\$ 38,021,457	\$ 18,047,872	\$ 150,468,316	\$ 55,771,102	\$ 515,148,361
TFSF	\$ 197,540,802	\$ 30,888,533	\$ 16,134,638	\$ 45,545,266	\$ 922,129	\$ 291,031,368
RTRF	\$ 29,452,859	\$ 2,669,755	\$ 367,653	\$ 1,504,078	\$ 11,581,142	\$ 45,575,487
Other Special Funds	\$ 99,321,308	\$ 7,055,471	\$ 608,673	\$ 14,524,272	\$ 3,319,263	\$ 124,828,987
Other Revolving Funds	\$ 15,980,922	\$ 2,320,299	\$ 787,210	\$ 987,426	\$ 1,251,849	\$ 21,327,706
Appropriated Federal	\$ 4,954,277	\$ 291,557	\$ 100,000	\$ 2,867,849	\$ 656,000	\$ 8,869,683
<b>Total</b>	<b>\$ 600,089,782</b>	<b>\$ 81,247,072</b>	<b>\$ 36,046,046</b>	<b>\$ 215,897,207</b>	<b>\$ 73,501,485</b>	<b>\$ 1,006,781,592</b>



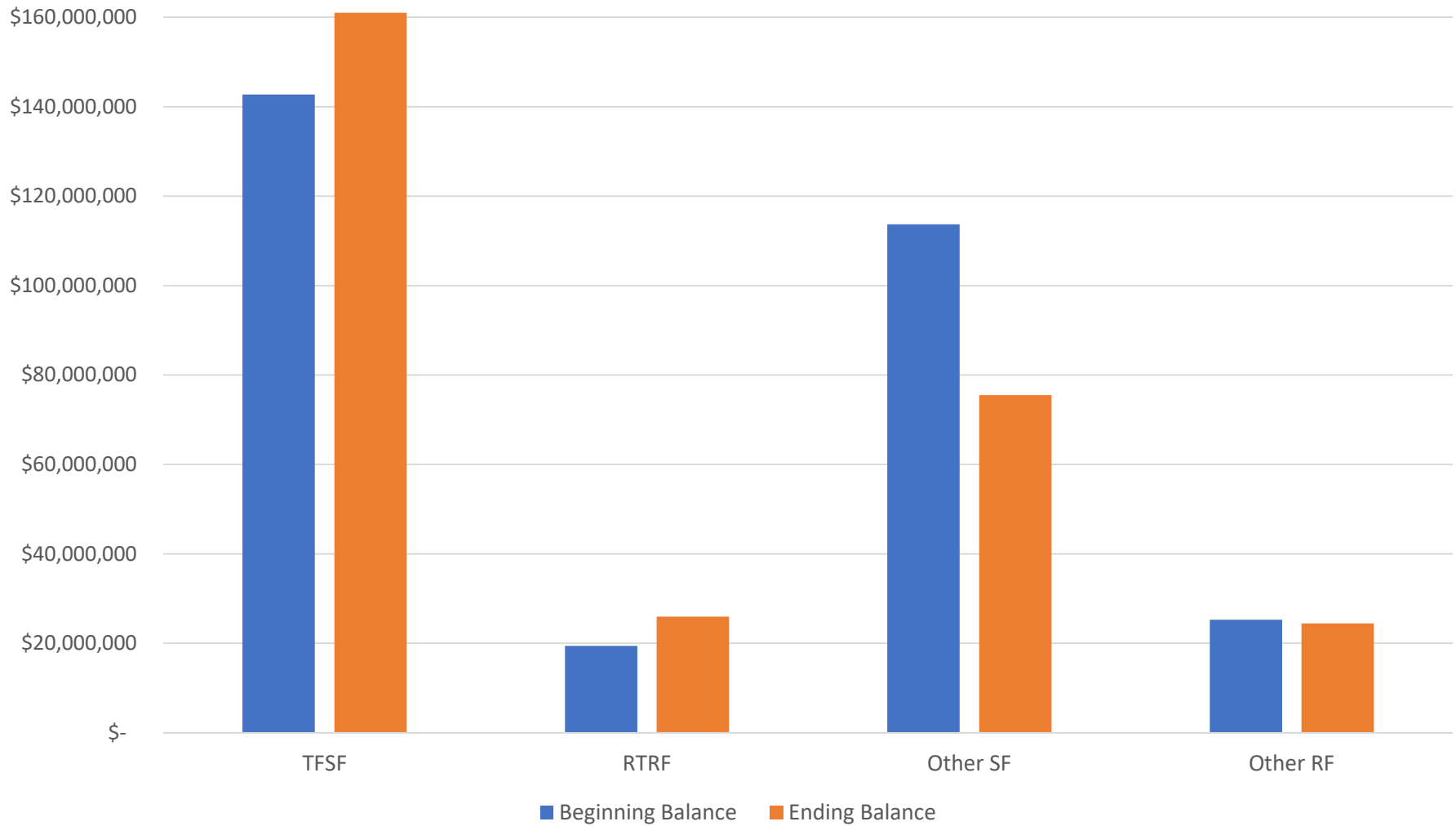
# Reserve Balances and Net Operating Income

	GF	TFSF	RTRF	Other SF	Other RF	Fed Funds	Total
Beginning Balance	\$ -	\$ 142,717,876	\$ 19,433,763	\$ 113,699,572	\$ 25,299,136	\$ (208,308)	\$ 300,942,039
Rev less Exp (recur)	\$ -	\$ 23,703,640	\$ 6,855,970	\$ (35,098,475)	\$ 647,525	\$ -	\$ (3,891,340)
One-Time Exp	\$ -	\$ 5,414,635	\$ 314,210	\$ 3,118,507	\$ 1,493,147	\$ -	\$ 10,340,499
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ 161,006,881</b>	<b>\$ 25,975,523</b>	<b>\$ 75,482,590</b>	<b>\$ 24,453,514</b>	<b>\$ (208,308)</b>	<b>\$ 286,710,200</b>
16% Target	n/a	\$ 128,245,420	\$ 7,292,078	\$ 19,972,638	\$ 3,412,433	n/a	\$ 158,922,569

- Total Net Operating Income (Revenues less Expenditures) shows a loss of **-\$3.9 million** across all funds, in addition to \$10.3 million of one-time expenditures.
- Despite the sizable operating loss in Other Special Funds, there is still a sufficient fund balance above the **-16%** target.



# Fund Balances: Beginning and Forecasted Ending, FY21

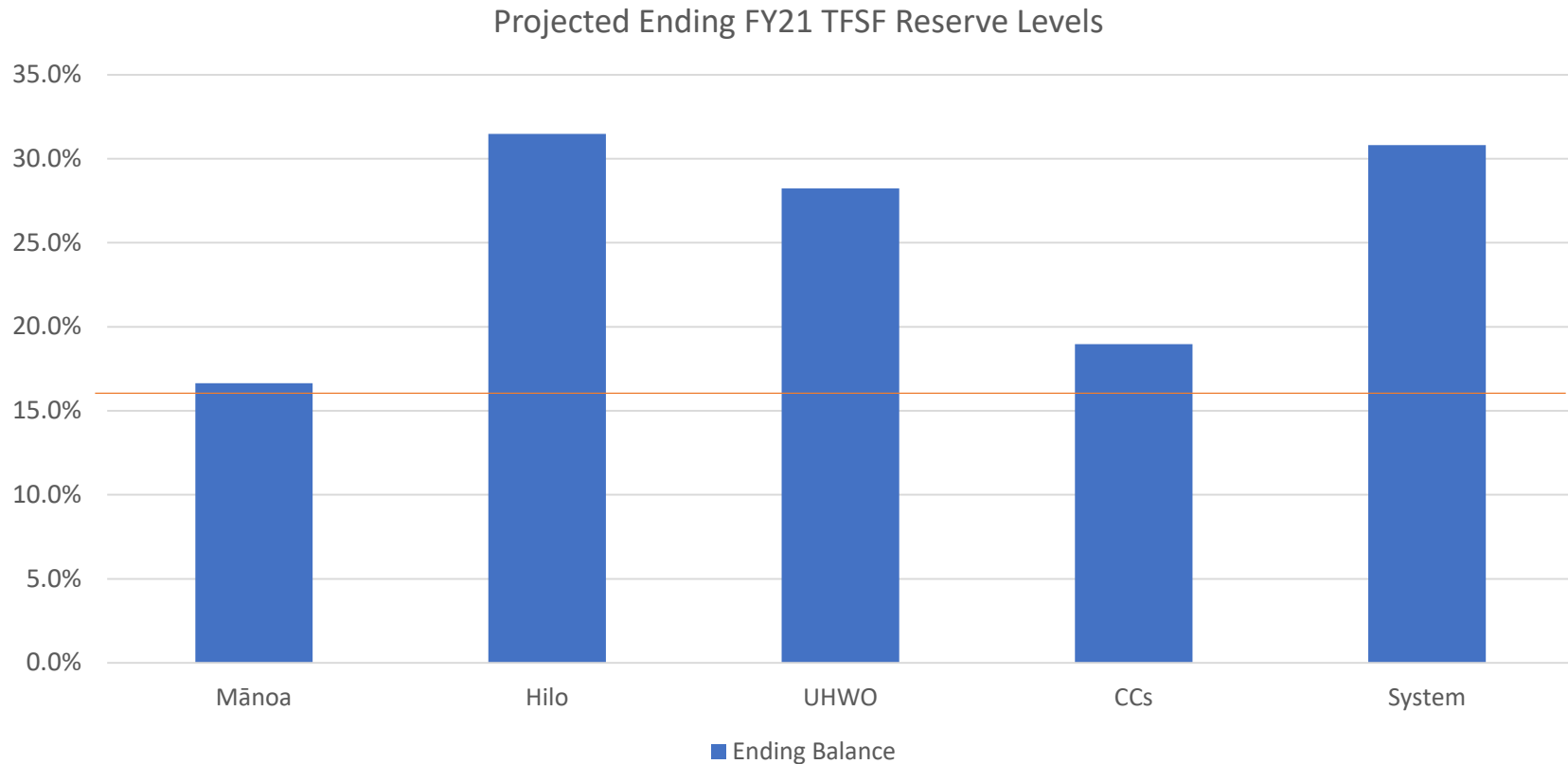




# TFSF Gains and Fund Balances

Campus	Mānoa	Hilo	West O’ahu	CCs	Sys Support	Total
TFSF Gain (Loss)	\$ 8,566,613	\$ 0	\$ 425,362	\$ 9,040,231	\$ 256,799	\$ 18,289,005

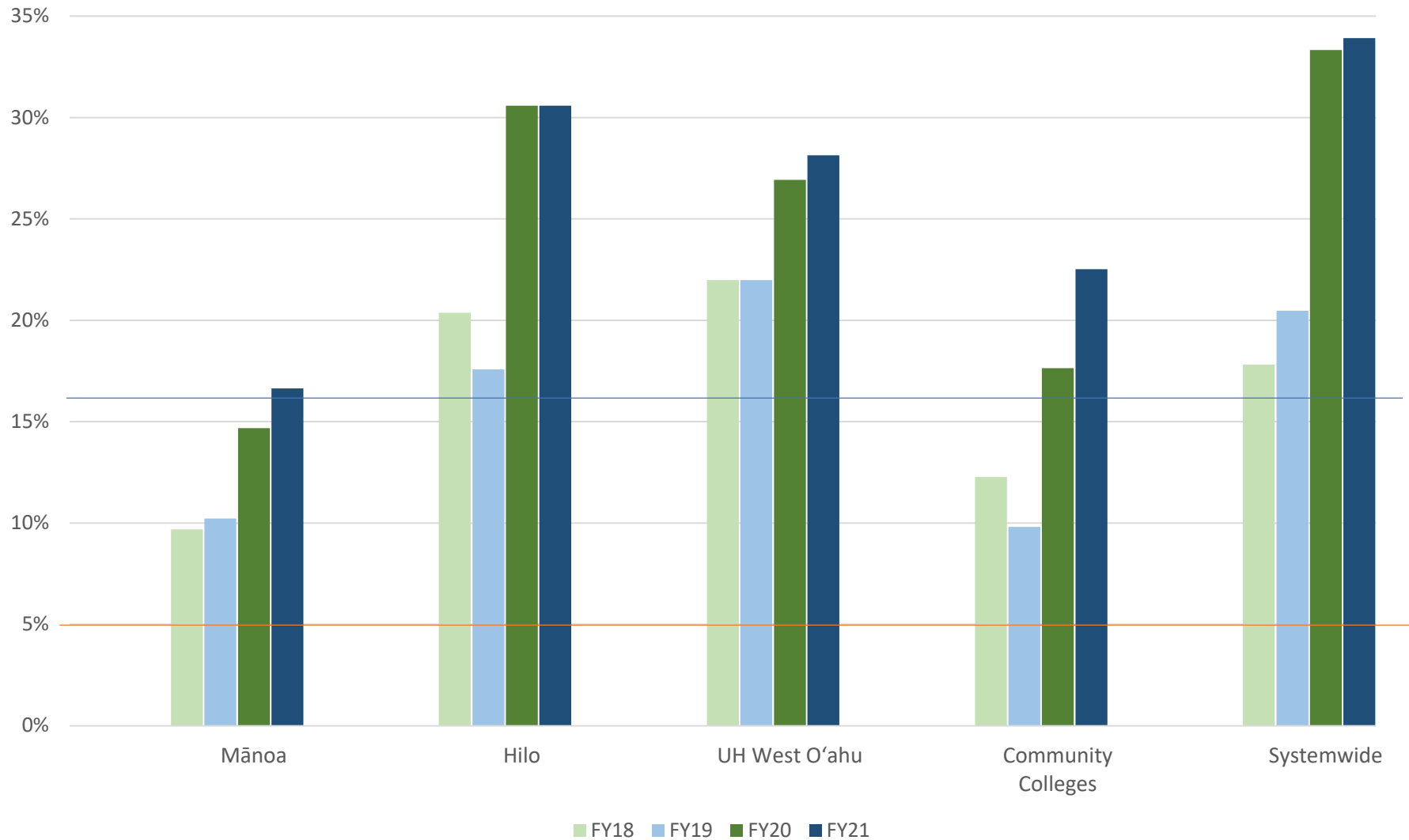
No campuses are currently projected to use TFSF reserves this fiscal year.





For FY18-FY21

# TFSF Reserve Levels by Campus







# FY21 Budget vs. FY20 Actual

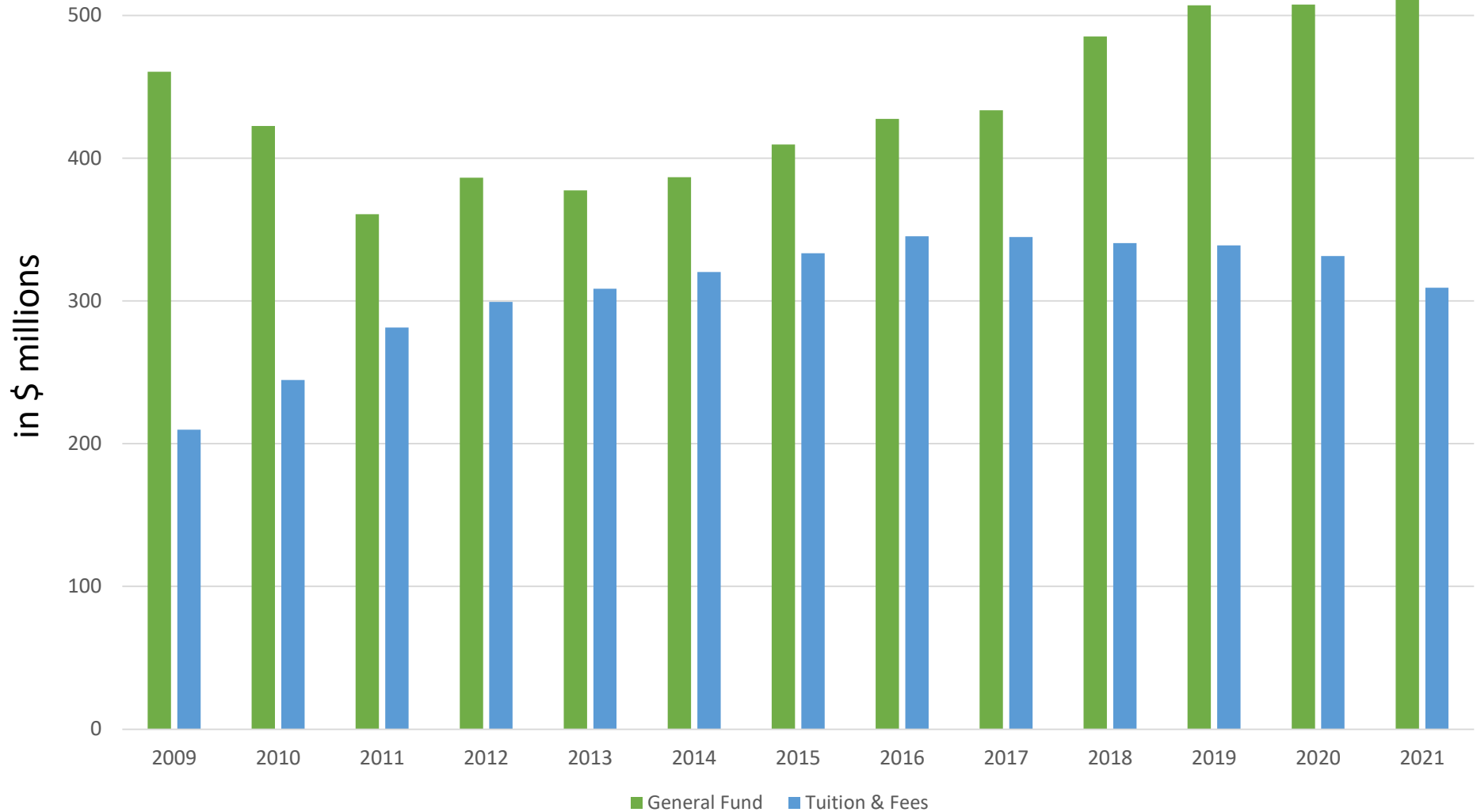
Type of Fund	Revenues			Expenditures & Net Transfers			Rev less Exp/Trf	
	FY21 Proj.	FY20 Act.	Diff	FY21 Proj.	FY20 Act.	Diff	FY21 Proj.	FY20 Act.
General Funds	\$515.1	\$507.6	\$7.5	\$515.1	\$507.6	\$7.6	\$0.0	\$0.1
Tuition & Fees	\$309.3	\$331.4	(\$22.0)	\$291.0	\$295.0	(\$3.9)	\$18.3	\$36.4
RTRF	\$52.1	\$51.9	\$0.2	\$45.6	\$53.6	(\$8.0)	\$6.5	(\$1.6)
Other Special Funds	\$86.6	\$120.9	(\$34.3)	\$124.8	\$117.5	\$7.3	(\$38.2)	\$3.4
Other Revolving Funds	\$20.5	\$31.9	(\$11.4)	\$21.3	\$31.5	(\$10.2)	(\$0.8)	\$0.4
Appropriated Federal Funds	\$8.9	\$9.6	(\$0.7)	\$8.9	\$9.5	(\$0.6)	\$0.0	\$0.1
<b>Total</b>	<b>\$992.5</b>	<b>\$1,053.3</b>	<b>(\$60.7)</b>	<b>\$1,006.8</b>	<b>\$1,014.6</b>	<b>(\$7.8)</b>	<b>(\$14.2)</b>	<b>\$38.7</b>

*in \$ millions*

- Projected FY21 revenues are significantly lower than actual FY20 in nearly all fund types.
- Projected FY21 expenditures are lower than actual FY20 expenditures, but not of the same magnitude as the revenue decline.
- FY21 projects a loss of **-\$14.2 million** across all fund types, compared to the \$38.7 million gain in FY20.



# General Fund and TFSF Revenues for FY09-FY21





# Mānoa

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 252,839,614	\$ 206,107,415	\$ 32,513,608	\$ 62,478,697	\$ 15,938,528	\$ 4,954,277	\$ 574,832,139
Expenditures	\$ 252,839,614	\$ 145,560,880	\$ 26,352,727	\$ 134,637,834	\$ 15,649,752	\$ 4,954,277	\$ 579,995,084
Net Transfers	\$ -	\$ 51,979,922	\$ 3,100,132	\$ (35,316,526)	\$ 331,170	\$ -	\$ 20,094,698
Rev less Exp/Trf	\$ -	\$ 11,645,778	\$ 3,374,959	\$ (35,392,715)	\$ 530,501	\$ -	\$ (19,841,476)
One-Time Exp		\$ 3,079,165	\$ 314,210	\$ 1,449,896	\$ 572,895		\$ 5,416,166

- TFSF projected to have a \$11.6 million gain (including \$3.1 million in one-time expenditures).
- Other Special and Revolving Fund operations such as Bookstore, Parking, Student Activities, Athletics, and Student Housing will see significant revenue decreases but must maintain services.
  - Reserves are adequate for the current FY but continued revenue shortfalls are not sustainable for the long term.



# Hilo

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 38,021,457	\$ 30,888,533	\$ 2,388,217	\$ 4,915,977	\$ 1,500,047	\$ 291,557	\$ 78,005,788
Expenditures	\$ 37,343,067	\$ 22,924,524	\$ 2,730,855	\$ 12,519,456	\$ 2,320,299	\$ 291,557	\$ 78,129,758
Net Transfers	\$ 678,390	\$ 7,964,009	\$ (61,100)	\$ (5,463,985)	\$ -	\$ -	\$ 3,117,314
Rev less Exp/Trf	\$ -	\$ 2,335,470	\$ (281,538)	\$ (800,883)	\$ -	\$ -	\$ 1,253,049
One-Time Exp	\$ -	\$ 2,335,470		\$ 1,338,611	\$ 820,252	\$ -	\$ 4,494,333

- TFSF projected to operate at break-even for FY21 although this includes \$2.3 million of one-time expenditures.
- Other Special Funds revenue decrease primarily due to Student Housing decline, although theater ticket sales, athletic events, food concessions, and facilities use are also declining.



# West O'ahu

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 18,047,872	\$ 16,560,000	\$ 367,653	\$ 54,558	\$ 717,911	\$ 100,000	\$ 35,847,994
Expenditures	\$ 18,348,857	\$ 9,513,414	\$ 367,653	\$ 2,968,673	\$ 787,210	\$ 100,000	\$ 32,085,807
Net Transfers	\$ (300,985)	\$ 6,621,224	\$ -	\$ (2,360,000)	\$ -	\$ -	\$ 3,960,239
Rev less Exp/Trf	\$ -	\$ 425,362	\$ -	\$ (224,115)	\$ 30,701	\$ -	\$ 231,948
One-Time Exp				\$ 330,000	\$ 100,000		\$ 430,000

- TFSF Revenue projected to decrease by **-\$1.1 million (-6.5%)** as a result of higher than usual uncollected balances.
- Other Special Funds revenue is projected to decline by **-\$252,355 (-82%)** as a result of decreased utilization. Additionally, there are one-time expenditures for urgent repair, replacement, and maintenance projects.



# Community Colleges

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 150,468,316	\$ 54,585,497	\$ 1,504,078	\$ 14,524,272	\$ 987,426	\$ 2,867,849	\$ 224,937,438
Expenditures	\$ 151,477,974	\$ 40,342,753	\$ 1,470,078	\$ 13,935,285	\$ 987,426	\$ 2,867,849	\$ 211,081,365
Net Transfers	\$ (1,009,658)	\$ 5,202,513	\$ 34,000	\$ 588,987	\$ -	\$ -	\$ 4,815,842
Rev less Exp/Trf	\$ -	\$ 9,040,231	\$ -	\$ -	\$ -	\$ -	\$ 9,040,231
One-Time Exp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- TFSF Revenues are projected to decline by **-\$5.7 million (-9.5%)** due to declines in enrollment, especially non-residents.
- Other Special Fund Revenues projected to decrease by **-\$2.4 million (-14.1%)** as a result of decline in non-credit instruction, summer, and other auxiliary services.



# Systemwide Administration

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 55,771,102	\$ 1,178,928	\$ 15,343,692	\$ 4,638,500	\$ 1,338,172	\$ 656,000	\$ 78,926,394
Expenditures	\$ 50,492,997	\$ 8,640,076	\$ 16,867,854	\$ 8,692,987	\$ 1,526,451	\$ 656,000	\$ 86,876,365
Net Transfers	\$ 5,278,105	\$ (7,717,947)	\$ (5,286,712)	\$ (5,373,724)	\$ (274,602)	\$ -	\$ (13,374,880)
Rev less Exp/Trf	\$ -	\$ 256,799	\$ 3,762,550	\$ 1,319,237	\$ 86,323	\$ -	\$ 5,424,909
One-Time Exp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- TFSF Revenues for Systemwide are projected to decline by **-\$1 million (-46%)** as a result of decreased interest income due to low market interest rates.



# Next Steps

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- Review and Acceptance today, pursuant to Committee input
- Review and Acceptance by full Board at its November 19<sup>th</sup> meeting
- Quarterly Financial Reports to monitor revenues and expenditures
- Additional guidance from Governor and State B&F for the last two quarters of FY21