



April 11, 2008

MEMORANDUM

TO: Marcus R. Oshiro, Chair
House Finance Committee

FROM: Glenn Okimoto
Director, University Budget Office

SUBJECT: Review of H.B. 2500, H.D.1, S.D.1

This is in response to your memorandum of April 4, 2008.

1. Please explain, wherever possible, the rationale for each adjustment (addition or reduction);

Attached is a spread sheet that identifies the individual adjustments (additions and deletions) to the University's Operating budget as reflected in H.B. 2500 H.D. 1, S.D.1. The rationale, if known, for each adjustment is also included on the attached spread sheet.

2. Please provide an impact statement for each adjustment (addition or reduction);

While the University of Hawai'i supports and is appreciative of the supplemental budget increase recommendations by the Senate, we do not support obtaining these increases in exchange with a reduction to our current service base budget. The 4% reduction in discretionary spending is such a reduction and would greatly harm programs and services at the University.

A reduction to the University's base may impact instructional and student service programs and services offered to our students, including but not limited to reductions in course offerings, library hours, lab hours, and tutorial services. A reduction to the University's base would also cripple University's student recruitment efforts. Our inability to market the institution will prevent us from meeting our enrollment goals. It will also have a direct negative impact on our retention and graduation rates as the programs are already operating at efficient levels, cuts would reduce core services.

The reduction to Mānoa campus for vacancy savings will have a negative impact on the campuses operating budget. The savings from those vacant positions are utilized for recruitment and startup cost; vacation payoff; to fund Incentive Early Retirement (IER) appointments; hire temporary faculty and lectures; temporary/casual hire/emergency hires; overtime /overload: shortfalls in collective bargaining allocations and merit and equity and retention adjustments.

The Senate Ways and Means budget made several funding conversions in their recommendation from general funds to tuition and fees special fund. It is noted that these conversions do not result in additional available funding, but are merely increases to the Tuition and Fee Special fund expenditure ceiling. Funding of the items converted is totally dependent upon additional tuition being generated. In addition, there are concerns with the earmarking of the tuition funds, especially those items which are recurring in nature and involve permanent positions. Should there be any significant decrease in enrollment and concurrent decrease in revenue, the ability to continue funding of these items would be jeopardized.

The proposal to commit \$350,000 for classroom upgrade and \$100,000 for security-lighting improvements from the existing Real Property and Facilities Use revolving funds is not an option due to contracts already committed. There is \$28,500 encumbered for contractor key deposits and \$144,000 for NOAA/National Weather Service rental pass through funds. Using \$450,000 would leave a negative balance in the fund.

3. Please provide alternative trade-off reductions for all reductions you are opposed to;

There was no alternative trade-off for reductions proposed.

Thank you for the opportunity to comment. If you or your staff has any additional questions, please call me at 956-7323 or e-mail me at glennmo@hawaii.edu.

Attachments