UNIVERSITY OF HAWAI´I

UNIVERSITY BUDGET OFFICE

April 13, 2007

MEMORANDUM

TO: Representative Marcus R. Oshiro, Chair
              House Committee on Finance

FROM: Glenn K. Nakamura, Interim Director
              University of Hawaiʻi Budget Office

SUBJECT: Review of H. B. No. 500, H.D.1, S.D.1 Operating Budget

Pursuant to your memorandum of April 5, 2007, attached is a spreadsheet that identifies the individual adjustments (additions and deletions) to the University's operating budget as reflected in H.B No. 500, H.D.1, S.D.1.   Other than a fairly standard adjustment for a three month delay in hiring, we are not aware of any other specific rationale employed by the Senate.   The following are additional comments.

Savings from Position Vacancies

The Senate adjustment for UH-Manoa (UOH-100) and UH-Hilo (UOH-210) includes a reduction of general fund position counts and related dollars due to vacancy savings. Position numbers are included in the budget worksheets and we are currently in the process of verifying whether these positions are in fact vacant. A similar reduction was made to the Systemwide Support program (UOH-900) but the description in the worksheets identifies the affected positions as being located in the Community Colleges (see page 1060, SEQ # 1200-001). Since no position numbers are provided, we are unable to identify the Community College campus to which they are assigned or the amounts listed in the worksheets. In any case, this adjustment has no relationship to the UOH-900 program and should be deleted.

Grant in Aids

The Senate adjustments to the Systemwide Support program (UOH-900) includes an addition of $130,000 in FY 2007-08 for a grant in aid to the Pacific and Asian Affairs Council. In keeping with long-standing past practice, these funds should be budgeted under the Community Colleges (UOH-800).

Operating Budget Provisos

        Section 76. of H. B. No. 500, H.D.1, S.D.1 identifies the sum of $1,500,000 for fiscal year 2007-08 and $2,000,000 for fiscal year 2008-09 for the B-Plus Scholarship Program and provides that "…any unexpended funds shall lapse to the general fund."   It should be noted that §304A-2159 (c), Hawaii Revised Statutes, appears to require the deposit of any appropriations for the B-Plus Scholarship Program into a "...separate and distinct account" within the University of Hawaii Scholarship and Assistance Special Fund (UHSASF). Accordingly, we believe that this proviso should be amended to require the deposit of any appropriated funds into the UHSASF in compliance with existing statute.

Special Requests

        Section 53. of Act 178, SLH 2005 required the University to reduce the general fund operating budget base for the School of Medicine's Kakaako Health and Wellness Center by $3,700,000 for the 2007-09 biennium on the presumption that increased revenues would be generated from tuition and extramural contracts and grants. Unfortunately, the increases in revenue have been largely offset by unanticipated increases in operating costs. If these funds are not restored, the educational and research programs of the School of Medicine will suffer irreparable harm.

        Attached is a letter from Interim Vice President for Research James R. Gaines to Senator Norman Sakamoto, Chair of the Senate Committee on Education requesting 10.00 permanent revolving fund position counts that were inadvertently left out of the Board of Regents budget request. As explained in the letter, these positions are urgently needed in order to properly staff the Office of Research Services and respond to a doubling of research funding over the past six years. The immediate addition of these positions is crucial to the continued growth of the University's research enterprise.

        Please contact me at 956-6071 or 956-7323 if you or your staff have any further questions or require any additional information regarding our review of H.B. 500, H.D.1., S.D.1.

Attachments

c: Howard Todo, Vice President for Budget and Finance/Chief Financial Officer
       Sam Callejo, Vice President for Administration