



March 12, 2008

MEMORANDUM

TO: Senator Rosalyn H. Baker
Committee on Ways and Means

FROM: Glenn Okimoto
Director, University Budget Office

SUBJECT: Review of House Bill 2500, HD1, Executive Supplemental Operating and Capital Improvement Project (CIP) Budgets

Pursuant to your memo dated March 7, 2008, the following is the University of Hawaii's response to your request for information on the operating budget adjustments contained in H.B. No. 2500, HD1. The response to your request regarding the CIP budget will be provided in a separate memo.

1. Please identify all adjustments (additions and/or reductions) made in the Operating and CIP portion of H.B. 2500, HD1.

Adjustments made to the operating budget by the House Committee of Finance are identified in the attached table by program I.D. and means of financing.

2. Please explain whenever possible, the rationale for the adjustments (additions and/or reductions) made in the Operating and CIP portion of H.B. 2500, HD1.

Rationale, if known, is also noted in the same attached table in question 1 above.

3. Please provide an impact statement on the adjustments (additions and/or reductions) made in the Operating and CIP portion of H.B. 2500, HD1.

While the University of Hawai'i strongly supports and is appreciative of the supplemental budget increase recommendations by the House, we do not support obtaining these increases in exchange with a reduction to our base budget. The 4% reduction in discretionary spending is such a reduction and

would greatly harm programs and services at the University. We currently are operating with a budget in which we are stretched very thin. For instance, we are under-appropriated in our utility budgets in relationship to our projected expenses. A reduction will greatly hamper our ability to pay our utility bills, especially electricity.

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, this cut will reduce core services.

Lastly, the reduction will also result in the inability to provide for minor repairs and maintenance of university grounds and campus facilities. This could create liability for the university with reduced maintenance and upkeep and potentially will drive our students away resulting in a drop in enrollment, retention rate and graduation rate. A reduction in course offerings, services, and student enrollment levels will ultimately reduce our ability to generate tuition revenue. More importantly, it will dramatically decrease our ability to achieve the mission of the university to increase the educational and workforce capital of the state.

Also, H.B. 2500, HD1 includes additional special and revolving appropriations totaling 3.00 positions and \$1,542,000 for the purpose of upgrading classroom technology, accreditation and assessment initiatives, and enhanced security measures. While the University will explore and consider the use of non-general funds for these purposes, two major considerations are involved. The first is whether the statutorily authorized uses of the identified funds would permit expenditures for these purposes. The second is whether sufficient funds are available. Our preliminary findings indicate that some of the identified funds will not meet one or both of these requirements.

4. For all reductions that you are opposed to, please provide alternative trade-off reductions.

No alternative trade-off reductions are proposed.

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

Attachment