

MAR 19 2007


UNIVERSITY OF HAWAII

UNIVERSITY BUDGET OFFICE

March 19, 2007

MEMORANDUM

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

FROM: Glenn K. Nakamura, Interim Director
University of Hawai'i Budget Office 

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

Pursuant to your memorandum of March 13, 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. While we are not aware of the specific rationale used for these adjustments, the spreadsheet includes our best assumptions. Other observations include the following:

- In general, it appears that the House deleted campus-wide initiatives for the Manoa campus as well as system-wide initiatives in order to restore funding for certain programs, improve infrastructure, enhance services to students, and provide funding for the continuation of the B-Plus Scholarship program.
- Much of the new items inserted by the House were originally included in the Board of Regents Budget but not in the Executive Budget Request. It appears that the House is generally in agreement with the Board's priorities.
- Three new program I.D. numbers (UOH-915, UOH-941, and UOH-943) have been established for debt service payments and employee fringe benefits and pension accumulation. Amounts included under the new program I.D.'s were originally budgeted under UOH-900.

Please note that the House adjustments also include a reduction of general fund position counts and related dollars for vacant positions. While we are not currently aware of the specific positions affected, it is very likely that some have already been filled or are under various stages of recruitment. Therefore, your assistance in restoring these deletions would be greatly appreciated.

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Section 53. of H.B. 500, H.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). Should the Senate agree to the House proposal, we respectfully request that this proviso be amended accordingly to require the deposit of any appropriated funds to the UHSASF in compliance with existing statute.

Item No. 9 of Governor's Message No. 503 dated March 2, 2007 requests the lapsing and subsequent re-appropriation of \$18.7 million in FY 2007-08 in order to continue the repair and replacement of damaged or destroyed University property resulting from the October 30, 2004 flood. We note that this adjustment has not been made in H.B. 500, H.D.1 and seek your assistance in including it in the Senate draft. We also respectfully request that a related budget proviso, similar to Section 54. of Act 178, SLH 2005, be included as well.

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

Attachments

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