



UNIVERSITY OF HAWAII

David McClain
Interim President

March 14, 2005

The Honorable Brian Taniguchi
Chair, Ways and Means Committee
Hawaii State Senate
415 S. Beretania Street
Honolulu, HI 96813

Déar Senator Taniguchi:

This letter is intended to follow up on our recent discussions about the University's biennium budget request, and sets out our priorities within that request.

As I noted in my testimony before the House Finance and Senate Ways and Means Committees a couple of months ago, the University has developed an integrated financial plan for the next two years of the biennium and for the years beyond. That plan has identified our expenditure needs through an inclusive, systemwide "stocktaking" process. These expenditure needs amount to approximately \$125 million per year; our current budget from all revenue sources totals about \$1 billion annually. To finance these needs, we will rely on funding from our six major sources of revenue: auxiliary services, donations to the UH Foundation, research grants and contracts, Federal (and State) financial aid, tuition, and general funds. As you know, we're holding meetings now with students, faculty and staff, and members of the community concerning our plans for putting in place a new tuition schedule in the fall of 2006, along with a financial aid program funded entirely by new tuition monies that will quadruple, to \$20 million, the amount of financial aid available to the neediest students.

In developing our Board of Regents biennium budget request for general funds, the University engaged a broad spectrum of students, faculty and staff, campus chancellors and system administrators in evaluating and prioritizing the results of the stocktaking process. This UH Biennium Budget Committee highlighted four priorities for our operating budget: programs to enhance the educational opportunities for Native Hawaiians; workforce development initiatives, including providing more teachers, nurses and workers in the building trades; initiatives which restore the University's infrastructure, including measures to promote the health and safety of our students and to properly finance such challenged areas as Title IX compliance; and measures to address the surge in enrollment that the University has experienced in recent years. We believe that these priorities will enable the University to address critical needs of the state of Hawaii and to better serve our students. As you know, the Board of Regents-approved operating budget for this biennium is \$31 million in the first year and \$39 million in the second year, for a total of \$70 million. This amount does not include the \$20 million in support for a Scholarship Conversion Fund included in the Executive Budget for the first year of the biennium. Nor does it include any funding related to the costs of recovery from the flood of October 30, 2004 on the Mānoa campus.

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Realizing that the State's financial resources are, as always, limited, our Biennium Budget committee has met again in recent weeks to identify priorities within the \$70 million, two-year request. We are forwarding these to you now for your information, and that of your colleagues on the Ways and Means Committee. In total, we have identified specific program change and current service adjustment requests that total \$21.1 million in the first year of the biennium and \$27.1 million for the second year, for a total of \$48.2 million. These include the UH Biennium Budget Committee's "highest" priorities, designed to total the \$25 million two-year biennium budget total included in the Executive Budget; priorities I and the Board of Regents have identified; and an additional list of "high" priority initiatives from the UH Biennium Budget Committee.

Some of these budget requests involve position requests as well. We know that among several of our campuses there are positions which are currently vacant. Our primary interest is in securing the funds to lead the University forward, and we commit to working with the Legislature to insure that we make the maximum use of existing position counts as we put additional financial resources to work.


In the same spirit of prioritizing our request for the establishment of a Scholarship Conversion Fund, we have suggested an amount of \$10 million in the attached summary.

Should the University receive less than the requested amount of operating funds, we will adapt to the more constrained fiscal environment by only partially funding these program change requests and current service adjustment requests contained on the attached spreadsheets. We would evaluate each priority relative to the urgency of the need within the State and our ability to deliver on the priority with limited resources, including what additional resources we're able to acquire with the new tuition schedule. Depending on the scale of the funding restrictions, some requests on the attached summary list may receive no funding at all.

Finally, I would be remiss if I didn't mention the additional general funds needed to cover the flood related cleanup and restoration of the Mānoa Campus. We testified at hearings on HB558 and SB667 and shared the information with the respective committees; however, the current version of SB677, SD2 does not address any funding beyond the \$25M insurance settlement nor any funding in FY 2006. We kindly request that the \$28M that will be needed in FY 2006 be added to UH Mānoa's operating budget.

Thank you for your continuing support of the University of Hawai'i and our 10 campuses. I stand ready to answer any further questions you may have on our budget, through my office at 956-9704.

Sincerely,


David McClain
Interim President

c: Speaker Calvin Say, State House of Representatives
President Robert Bunda, State Senate
Chair Dwight Takamine, House Finance Committee
Chair Clayton Hee, Senate Higher Education Committee
Chair Tommy Waters, House Higher Education Committee
Chair Patricia Lee, UH Board of Regents

Attachments (4 pages)

Biennium Budget Priorities List			
Program ID/ORG	Description	FY 2005-2006 Amount	FY 2006-2007 Amount
UH Biennium Budget Committee Highest Priorities -- \$25 million Biennium Budget Ceiling	(details on accompanying spreadsheet)	9,976,876	14,871,556
Board of Regents Priorities			
100 AA	Kakaako Facility Payroll/Operations	635,902	659,916
100 AA	JABSOM New Faculty	1,600,000	2,400,000
900 JJ	Position and Funds for the Office of Internal Audit	225,000	225,000
	Subtotal -- BOR Priorities	2,460,902	3,284,916
President's Priorities			
900 JJ	Institutional Research (program review, assessment)	100,000	100,000
900 JJ	Student Affairs (includes new financial aid counselors)	198,000	198,000
900 JJ	UH Community Colleges -- Native Hawaiian Programs	270,000	638,000
900 JJ	P-20 Initiative	150,000	150,000
900 JJ	Workforce Development -- Nursing	570,000	570,000
900 JJ	International Education	178,000	178,000
100 AA	Access to Graduate Education in Nursing	200,162	210,170
800 DD	Serve Students with Disabilities	150,200	150,200
800 DD	Associate of Arts in Teacher Training	200,000	200,000
	(funding at a lower level than campus requested)		
	Subtotal -- President's Priorities	2,016,362	2,394,370
Total -- Board of Regents', President's, UH Biennium Budget Committee Highest Priorities		14,454,140	20,550,842

Other High Priority Programs (UH Biennium Budget Committee -- \$37.5 million ceiling)			
100 AA	Additional Security Officers	480,000	0
100 AA	Special Education Faculty Positions	360,000	360,000
100 AA	Banner Student Information System Implementation	347,564	347,564
100 AA	Teacher Education in Mathematics	180,000	0
210 BB	Additional Instructional Staff for Past Enrollment Growth	800,000	800,000
210 BB	Additional Student Services Staff for Past Enrollment Growth	506,500	637,180
210 BB	Additional Library Services and Collections for Past Enroll. Growth	271,853	262,990
210 BB	Mauna Kea Astronomy Education Center Operations	500,000	600,000
700 SS	Admin/Financial Support Specialist	35,000	35,000
700 SS	Librarian -- Increase from Half-Time to Full-Time	16,000	16,000
700 SS	Clerk Typist II Position -- Student Services	0	30,000
700 SS	School Custodians -- position counts only	0	0
700 SS	Student Services Specialist II	42,000	42,000
700 SS	Computers and Software for Classroom Use	0	60,000
700 SS	On-Line Subscription -- Library	0	12,000
800 DD	Campus Security (Maui CC)	0	155,000
800 DD	Improve Campus Security (Kaua'i CC)	0	138,594
800 DD	Increase Campus Security (Kapi'olani CC)	0	135,570
800 DD	Support for Campus Security (Leeward CC)	0	32,985
800 DD	Funds for Campus Operations (Hawai'i CC)	2,200,000	2,200,000
800 DD	New Facility Support (Maui CC)	0	308,692
900 JJ	Enrollment Surge funding (Student Caucus, Information Technology)	361,000	406,000
	Total -- Other High Priority Programs	6,099,917	6,579,575
Grand Total, All Priorities -- Operating Budget		20,554,057	27,130,417
State Scholarship Fund		10,000,000	-
Grand Total, All Priorities -- Operating Budget plus State Scholarship Fund		30,554,057	27,130,417
Comparisons:			
	Initial UH Internal "Stocktaking" Requests (approximate)	125,000,000	125,000,000
	UH Board of Regents Operating Budget	31,613,883	38,897,102
	UH BOR State Scholarship Fund Budget	20,000,000	0
	Total -- UH BOR Operating plus State Scholarship Fund Budget	51,613,883	38,897,102

UNIVERSITY OF HAWAII
PROGRAM CHANGE REQUESTS
FB 2005 - 2007
GENERAL FUNDS

Date: 03/14/05

PROGRAM ID/ORG	DESCRIPTION	FY 2005-06 AMOUNT	FY 2006-07 AMOUNT
100 AA	Teacher Education & Educational Administration Faculty	500,000	500,000
100 AA	Access to the Undergraduate Nursing Program	334,473	0
100 AA	Chancellor's Hawaiian Program Initiatives	1,200,000	1,200,000
100 AA	MA in Hawaiian Studies	173,812	173,812
	SUBTOTAL	2,208,285	1,873,812
210 BB	Teacher Education	110,000	400,000
210 BB	Nursing Education	150,000	0
210 BB	Athletics - Title IX Compliance	420,000	576,279
210 BB	Increase Native Hawaiian Students Recruitment	191,296	155,296
210 BB	Expand On-Campus Services for Native Hawaiian Students	143,000	118,000
210 BB	Library Support for Hawaiian Collection including Distance Learning	74,740	33,948
210 BB	Hawaiian Language College Initiatives	1,022,108	1,839,800
	SUBTOTAL	2,111,144	3,123,323
700 SS	Faculty Position - Hawai'i/Pacific Studies	52,000	52,000
700 SS	Faculty Position - Education	46,000	46,000
700 SS	Faculty Position - Education	0	96,000
700 SS	Faculty Position - Applied Health	46,000	46,000
	SUBTOTAL	144,000	240,000
800 DD	Equipment Replacement	0	100,000
800 DD	Equipment Replacement	317,315	366,908
800 DD	Equipment for Academic Programs	85,640	159,000
800 DD	Equipment Replacement Funds	0	81,097
800 DD	Equipment Replacement	0	31,313
800 DD	Equipment Replacement	0	226,406
800 DD	Construction Academy Development	90,935	90,935
800 DD	Develop Culinary Institute of the Pacific	0	125,917
800 DD	Remedial and Developmental Education	50,043	100,086
800 DD	Distance Education	0	129,425
800 DD	Island-wide Workforce Development and Training	257,910	519,593
800 DD	Expand Nursing Program	116,368	187,736
800 DD	MIS & Technology Support	0	94,650
800 DD	Strengthen Services for International Students	0	8,000
800 DD	Technological Support for College Programs	173,640	317,280
800 DD	Develop Ocean/Hawaiian Studies Academy	56,256	56,256
800 DD	Support for Hawaiian Programs	199,544	389,123
800 DD	Support for Hawaiian Studies	0	52,892
800 DD	Hawaiian Studies Program	0	114,776
800 DD	Hawaiian Studies	0	43,884
800 DD	Support for Hawaiian Studies Program	0	110,310
800 DD	Computing Electronics and Networking Technology (CENT) Baccalaureate Program Development	200,000	396,606
800 DD	Aeronautic Maintenance Program (AERO) Lease Agreement	0	324,000
800 DD	Institutionalize and Integrate Assessment Activities	50,892	50,892
800 DD	Workforce Development	0	126,663
800 DD	Strengthen Developmental Education	0	93,166
800 DD	Workforce Development-Respiratory Therapy	0	59,088
800 DD	Improve Student Support Services	159,956	229,363
800 DD	Educational Support for Academic Programs	0	66,265
800 DD	Improve & Strengthen Instructional Programs	0	162,650
800 DD	Support for Workforce Development - Job Placement	155,233	155,233
800 DD	Creation of an Enrollment Management System	83,927	127,811
800 DD	Applied Business and Information Technology (ABIT) Baccalaureate Program Development	203,256	203,256
800 DD	New Program Expansion-Workforce Development Programs	184,766	184,766
800 DD	Support for Remedial Programs	92,322	150,868
800 DD	Support for Students with Special Needs	65,897	65,897
800 DD	Distance & Blended Learning Infrastructure Support	231,404	231,404
800 DD	Increase Technological Support	0	102,676
800 DD	Faculty and Staff Professional Development	0	50,000
800 DD	R&M Funds/Furniture Replacements	300,000	400,000
800 DD	Support Campus Business & Training Processes	0	57,325
800 DD	Marketing	0	62,635
800 DD	Critical Campus Infrastructure	162,745	226,939
800 DD	Funds to Support New Facilities	0	77,247
800 DD	Additional Security Support	0	50,000
800 DD	Facility Support	154,814	154,814
800 DD	Improve Technological Infrastructure and Staffing	140,897	130,106
	SUBTOTAL	3,533,760	7,245,257
900 JJ	Ike Ao Pono Nursing UHM	563,687	556,084
900 JJ	Haumana Biomed UHM	129,000	250,000

PROGRAM ID/ORG	DESCRIPTION	FY 2005-06 AMOUNT	FY 2006-07 AMOUNT
900 JJ	Imi Ho'ola JABSOM Premed UHM	175,000	340,000
900 JJ	JABSOM NH Excellence UHM	195,000	351,580
900 JJ	Kahowai Teacher Education UHM	126,000	144,500
900 JJ	Na Pua Noeau	444,000	500,000
900 JJ	Banner	347,000	247,000
	SUBTOTAL	1,979,687	2,389,164
	Total General Funds	9,976,876	14,871,556
UOH-100	Mānoa	2,208,285	1,873,812
UOH-210	Hilo	2,111,144	3,123,323
UOH-700	West O'ahu	144,000	240,000
UOH-800	Community Colleges	3,533,760	7,245,257
UOH-900	System	1,979,687	2,389,164
	TOTAL	9,976,876	14,871,556