

Progress Report of the University of Hawai'i System Office
To the Western Association of Schools and Colleges
Accrediting Commission for Senior Colleges and Universities

Submitted by

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I. Nature of the Institutional Context

The University of Hawai‘i (UH) was founded in 1907 as a land-grant institution. The University of Hawai‘i is Hawai‘i’s sole public higher education system. It is governed by a single Board of Regents and is composed of ten campuses. The campuses are differentiated by type and mission:

- University of Hawai‘i at Mānoa (UHM), a doctoral/research university with selective admissions, offering baccalaureate, master’s, and PhD degrees in an array of liberal arts and professional fields and advanced degrees in law, medicine, and architecture, and carrying out organized research activities.
- University of Hawai‘i at Hilo (UHH), a comprehensive, primarily baccalaureate institution with a regional mission, offering baccalaureate degrees in the liberal arts, agriculture, nursing, and business, selected master’s degrees, professional doctorates in pharmacy and nursing practice, and a doctorate in Hawaiian and Indigenous Language Revitalization.
- University of Hawai‘i–West O‘ahu (UHWO), a comprehensive, baccalaureate institution founded in the liberal arts, serving professional, career-related, and applied fields, based on state and regional needs, committed to providing access through its partnerships and its distance delivery of programs.
- University of Hawai‘i Community Colleges (UHCC), seven open-door, low-tuition institutions spread across the islands, offering associate degrees and certificate programs in academic, technical, and occupational fields. (In 2010, Maui Community College was renamed to UH Maui College when a second baccalaureate degree was approved and the college moved to the senior commission. However, it organizationally remains part of the UH Community College System and retains a strong community college mission.)

The president of the university is appointed by the Board of Regents and serves as the chief executive officer of the system. The president is responsible for the educational leadership and administration of the entire UH system, with all other administrators responsible to the president directly or through designated channels.

All ten campuses of the University system are separately accredited by the Western Association of Schools and Colleges (WASC). In addition, more than 50 University of Hawai‘i academic programs hold separate professional accreditation.

II. Report Preparation

The first draft of this WASC System progress report was authored by Linda Johnsrud, Executive Vice President for Academic Affairs/Provost. After review and approval by the President, the report was circulated for comment to the Board of Regents, the Chancellors, Vice Presidents, the All-Campus Council of Faculty Senate Chairs (ACCFSC), the UH System Student Caucus, and Pūko‘a Council.

III. Updates on Issues Identified by the Commission and the Last Visiting Team in 2007

This progress report has been prepared for the Commission’s fall 2012 special visit, which involves an assessment of continued progress since 2007 in the following areas:

- Stability of Leadership
- Monitoring of the System Office Organization
- Improving Financial Budgeting, Accounting and Reporting Systems
- Relations with the Governor and the Legislature
- Impact of Increased Tuition

Additionally, the visit provides a system context that informs the accreditation review of UH’s four-year campuses by the Senior Commission, highlighting system and campus relationships and issues.

We begin this report with a description of University of Hawai‘i System Office (UHS) initiatives which reflect the goals and priorities of the system, followed by the status of the five issues identified by the Commission. These five issues were highlighted in the Commission’s action letter of July 6, 2007 and the special visit team report of May 22, 2007. Overall, both documents were positive in their evaluation of UHS’ progress.

A. University of Hawai‘i System Initiatives

After a nationwide search, MRC Greenwood was appointed President of the University of Hawaii System on August 1, 2009 for an initial three-year appointment. In January 2011, the Board of Regents (BOR) extended her contract for another three years through July 31, 2015.

In February 2010, President Greenwood announced three strategic initiatives during her “State of the University of Hawai‘i” address to the Hawai‘i state legislature. They are the Hawai‘i Innovation Initiative (HI²), the Hawai‘i Graduation Initiative (HGI), and Renovate to Innovate (R2I). These systemwide initiatives focus on the development of human and physical capital to meet the needs of the state. These state needs, referred to as the University’s higher education agenda, seek to: 1) increase the educational capital of the state; 2) address underserved populations/regions; 3) expand workforce development; 4) diversify the economy; and, 5) renew and expand infrastructure. The strategic initiatives are also intimately linked to the University’s strategic outcomes and ten performance measures, which set clear, measurable goals for the University through 2015 (www.hawaii.edu/ovppp/uhplan/). Plans to extend the performance measures out to 2020 are currently underway.

1. Hawai'i Innovation Initiative (HI²)

The goal of HI² is to contribute positively to the workforce and the economy by creating a 21st century capability for innovation, research, and technology transfer. In April 2010, President Greenwood appointed an eight member advisory council on Hawai'i Innovation and Technology Advancement, with members chosen for their extensive experience and accomplishments in conceptualizing, designing, and implementing research systems and enterprises.

In January 2011, in collaboration with the National Academy of Sciences' Board on Science, Technology, and Economic Policy (STEP), President Greenwood convened a two-day conference on Hawai'i's innovation economy, entitled *E Kamakani Noi'i: The Wind That Seeks Knowledge*. The goal of the conference was to engage Hawai'i business and political leaders with high level U.S. government officials and others positioned to help drive innovation, business formation, and growth in Hawai'i. The conference also provided an opportunity to discuss a series of proposed initiatives to strengthen Hawai'i's innovation and technology infrastructure and identify areas where federal, state, and private contributions could generate positive synergies. Feedback on the proposed initiatives was solicited by the Advisory Council on Hawai'i Innovation and Technology Advancement. Proceedings of the conference were published by the National Academies Press (http://www.nap.edu/catalog.php?record_id=13267) and the council issued its final recommendations in the following report: www.hawaii.edu/offices/op/innovation/council-final-recommendations.pdf.

Since then, the initiative is taking root in a biennium budget proposal to fund the hiring of top scholars to double the University's extramural funding from \$0.5 billion to more than \$1 billion over the next five to eight years. Activities around this effort include: the appointment of an Executive Director of HI², the review of a white paper on strategic guidance and implementation, the identification of "star" hires, the realignment of research clusters including a new focus on informatics ("big data") and cyberinfrastructure, and the creation of a new design for technology transfer and commercialization. Concurrently, a communications and outreach plan to generate community support for this important economic development initiative is being developed.

2. Hawai'i Graduation Initiative (HGI)

HGI's focus is on increasing the number of educated citizens within the state. Its strategies are directly tied to six of ten strategic outcomes/performance measures which represent UH's commitment to support increased student participation and completion, particularly those from underserved populations and regions. HGI's overall goal is to increase the number of UH graduates by 25 percent by the year 2015 (10,507 degrees). This HGI goal was derived from a larger Hawai'i P-20 statewide goal set in 2007 where 55 percent of working age adults in Hawai'i will possess an associate or bachelor's degree by 2025.

A four-point completion plan addresses different phases of the educational pipeline from input to throughput to output. They include: 1) encouraging students to continue on to postsecondary education; 2) preparing them for success in college; 3) helping them persist and graduate; and, 4) preparing them with the necessary skills to succeed in the workplace. These efforts reside at the

campus level, requiring direct involvement with students. The UHS adds a fifth dimension to HGI, providing broader, systemic efforts around goal setting, data infrastructure, policy review and revisions, and coordinated communication strategies.

These UHS activities include participation in national initiatives such as the National Association of System Heads (NASH), Access to Success (A2S), Complete College America (CCA), and the U.S. Education Delivery Institute (EDI). These initiatives, which involve the submission of student datasets and attending UH team planning meetings have helped inform systemwide conversations around enrollment and graduation, with a particular focus on low income and underserved populations. These efforts have aligned well under the HGI umbrella and increased the clarity between the UHS and the campuses and their respective roles in meeting our performance measures.

Other current HGI activities include: 1) the launch of a systemwide “15 to Finish” public relations campaign encouraging students to enroll and complete 15 credits per semester, which will enable them to graduate on time, save money, start a career, etc. (15tofinish.com); 2) the development of “scorecards” for the three university campuses to re-emphasize the importance of our strategic outcomes and performance measures and to provide us with intermediate measures of student success; 3) an analysis of financial aid data to inform potential changes to policy; and, 4) plans for a two-day summit in October 2012 in partnership with CCA to assist campuses in their planning efforts around HGI.

We have been exceeding many of our performance measures goals, especially those focused on overall graduation, graduation of Native Hawaiians, STEM degrees, Pell awards, and going rates. Despite our degree production, however, we continue to struggle with our six-year graduation rates. Through HGI, we are prioritizing and targeting our resources into more effective strategies, and we are hopeful they will translate into positive results as we further ramp up our activities. HGI is led by the Office of the Executive Vice President for Academic Affairs/Provost and the Office of the Vice President for Student Affairs and University/Community Relations. (www.hawaii.edu/hawaiigradinitiative/)

3. Renovate to Innovate (R2I)

R2I focuses on updating the University’s physical infrastructure, particularly our research and training facilities.

In FY 2011, the University received \$489 million in research and training awards. It is the third consecutive year the University’s extramural funding exceeded \$400 million. The University’s ability to attract and grow its research enterprise, which is a large part of HI2’s efforts, is tied to the University’s ability to offer research opportunities in a world class environment. Funds spent on capital improvements, particularly on research and training facilities, present a triple bottom line: they directly create jobs for Hawai‘i’s construction workers, they provide improved facilities that allow our faculty and staff to successfully compete for research grants, and they allow leveraging of funds spent on infrastructure to increase the return on overhead that we are awarded for research and training grants.

One of the University's most challenging budgetary pressures is the continuing increase in energy costs. We must continue to seek energy efficiencies by adopting system-wide energy conservation initiatives and include energy system upgrades as part of major renovation projects. Even as the University realizes savings from energy efficiencies, these savings are eliminated by ongoing increases in energy costs that can only be met by cost-shifting funds away from education and research programs.

The University is undertaking new construction projects and major renovations through the use of general obligation bonds, revenue bonds, and other University funds. In February 2012, Governor Abercrombie approved an emergency measure, Act 2, Session Laws of Hawai'i 2012, which increased the University's revenue bond authorization ceiling by an additional \$100 million to finance construction and major renovation projects that qualify for revenue bonds. The total cost of the University's ongoing construction and design projects from 2009 to present is \$310.7 million. Examples of major construction and design projects are UH Mānoa's Cancer Research Center of Hawai'i in Kakaako (\$120 million), UH Hilo's College of Pharmacy (\$38.0 million), and UH Mānoa's C-MORE (Center for Microbial Oceanography: Research and Education) Hale at (\$21.0 million). A top priority for the University is to reinvest in our physical infrastructure so that we may sustain our education and research mission and continue to be a strong economic engine for the state.

4. Other Initiatives

- A systemwide group representing all the campuses drafted a plan *Hawai'i Papa o Ke Ao* to implement UH's goal of becoming a model indigenous serving institution. The plan was accepted by the President and she charged the chancellors to align campus efforts with the plan's recommendations.
- Another initiative involves promoting international engagement at our University by preparing its students to be internationally engaged citizens, enriching the educational experience of students and faculty, and connecting the citizens of Hawai'i with ideas, talent, and economic opportunity from the vibrant cultures and economies of the Asia-Pacific. The President formed an international education task group to develop a mission statement and strategic direction that establishes broad system level priorities for 2010–20, encourages and guides collaborative campus strategies, and sets clear outcomes to assess progress at the system level.
- As an island state, providing access to communities in remote areas of the state is an ongoing challenge. The University is focused on expanding its distance learning network to provide citizens in those areas with postsecondary services and training. We have seen greater collaboration among campuses that are teaming up to provide programs and classes remotely. In addition, the UH System is leading a statewide federally-funded initiative that will extend high-speed broadband to every public school and public library in the State.
- The President's Emerging Leaders Program will form a fourth cohort in fall 2013. The program, started during former President McClain's tenure, is a professional development

opportunity for highly motivated faculty and staff that identifies and prepares potential future campus and system leaders. The program affirms our commitment to invest in our most valuable asset, our human resources, while also creating an institutional culture that honors diversity and inclusion.

- In a recent move to establish sustainability as a top level priority at UH and address our growing energy expenses, the UH Community Colleges have teamed with Johnson Controls. Inc. to build awareness of sustainability issues and assist faculty with curriculum integration. Plans are underway this fall to establish a Sustainability Advisory Board, develop an "S" classification and rating system, and provide awareness training through a Renewable Energy Training Summit. Activities will be integrated with JCI Kiosks, which are being installed at campuses. The Kiosks will provide information on energy consumption and other key indicators that measure energy efficiency on campuses.

These systemwide initiatives reflect our vision and understanding of how the University of Hawai‘i can most effectively contribute to the economic well being of the state and its people.

B. Status of Five Areas Identified by the Commission

1. Stability of Leadership

➤ Personnel Updates

Since the progress report of February 2007, there have been several key appointments in executive leadership positions, including the appointment of University of Hawai‘i President M.R.C. Greenwood.

President Greenwood has forged an effective working relationship with the BOR. She and the Executive Vice President for Academic Affairs/Provost Linda Johnsrud meet weekly or biweekly with BOR Chair Eric Martinson and Vice-Chairs James Lee and Carl Carlson, Jr. to maintain open lines of communication, address issues in a timely manner, and set the agenda for upcoming Board meetings. These BOR consult meetings have been valuable in ensuring there are no surprises on either side.

Other key system and campus personnel appointments since 2007:

- In July 2010, Rockne Freitas was appointed Vice President for Student Affairs and University/Community Relations, a newly created position that merged two vacant vice president positions. The Vice President for Student Affairs position, which had been vacant since the retirement of Dr. Doris Ching at the end of 2005, was a concern for students who wanted the position filled.

The President has been very cognizant of concerns over the number of administrators and thus, combined two roles rather than adding a second vice president. Following the retirement of Vice President for Administration Sam Callejo at the end of 2008, then-

President McClain left his position vacant. President Greenwood combined the external affairs/university relations area, which was under the Vice President for Administration, with student affairs under a newly created Vice President for Student Affairs and University / Community Relations. Given the growth in student affairs requirements within the last five years and the need for system coordination, having an associate vice president who works directly with students and reports to a vice president with oversight for student affairs has been effective for the UHS.

Dr. Freitas has a strong background in both areas, having served as Hawai'i Community College's chancellor for six years prior and as a former vice president for university relations for the UHS. Dr. Freitas continues to assist on key special projects, including the completion of the community college in Palamanui, Kona and assisting with the progress of the new West O'ahu campus. He was also recently appointed as acting athletics director of UH Mānoa this month until the Stevie Wonder concert investigation is completed.

- In March 2011, Lynne Waters was appointed Associate Vice President for External Affairs and University Relations which reports to the Vice President for Student Affairs and University/Community Relations. Ms. Waters brings a strong background in media, communications, and event consulting. She is responsible for strategic communications planning, community relations, creative services and marketing and brand management for the University of Hawai'i System.
- In April 2011, Karen Lee was appointed Associate Vice President and Executive Director of the Hawai'i P-20 Partnerships for Education (Hawai'i P-20), a collaboration of the Early Learning Council, the Hawai'i State Department of Education, and the University of Hawai'i System that is working to strengthen the education pipeline from early childhood through higher education so that all students achieve career and college success. Although Dr. Lee reports to the heads of the three entities, organizationally the Hawai'i P-20 office has been housed under the Office of the Executive Vice President for Academic Affairs/Provost since December 2006. Dr. Lee previously served as Associate Vice President for Student Affairs for six years, and brings a strong commitment to student success at all levels to this critical statewide role.
- In May 2011, Lui Hokoana was appointed Associate Vice President for Student Affairs. Dr. Hokoana previously served as Vice Chancellor for Student Affairs at Windward Community College from 2006 to his reassignment. In 2011, he received the State Manager of the Year award, an honor that exemplifies the highest caliber of public service and dedication to serving the people of Hawai'i. As the Associate Vice President for Student Affairs, he continues to strengthen educational opportunities for UH students and the community and to develop and coordinate systemwide student affairs policies and procedures.

Other noteworthy UHS updates:

- As previously mentioned, Sam Callejo retired from his position as Vice President for Administration in December 2008. His position was left vacant and his functional areas were reassigned to other Vice Presidents. The area of disaster management transitioned immediately to the Vice President for Information Technology and Chief Information Officer David Lassner upon Mr. Callejo's retirement. As noted above, the Office of External Affairs and University Relations was reassigned to Vice President Freitas at the time of his July 2010 appointment.

The Office of Capital Improvements was assigned to Vice President for Budget and Finance/Chief Financial Officer Howard Todo, and the Office of Human Resources was assigned to Vice President for Academic Planning and Policy Linda Johnsrud. These two reassignments were part of a BOR approved system reorganization in November 2010. The Vice President for Administration position was also permanently removed in that reorganization.

- A new Associate Vice President and Deputy Chief Information Officer position was created and filled through the competitive appointment of Mr. Steve Smith, formerly the Chief Information Technology Officer for the University of Alaska System. As the deputy of Information Technology Services, Mr. Smith assists with the day to day management of the organization.
- As part of the same system reorganization proposal, the BOR approved a title change for Vice President Johnsrud. Her title was changed to Executive Vice President for Academic Affairs/Provost to further reflect her expanded role as senior Vice President of the University of Hawai'i System.

Key personnel appointments at the campuses since 2007:

- Subsequent to the writing of the previous progress report, Virginia Hinshaw was appointed Chancellor of UH Mānoa. Dr. Hinshaw recently completed a five-year appointment which ended on June 30, 2012. Her replacement, Dr. Tom Apple, was appointed by the BOR on June 18, 2012. His mid-June start date overlapped with the last two weeks of Chancellor Hinshaw's term to enable a seamless turnover and transition of leadership at the UH Mānoa campus. Dr. Apple was the former provost of the University of Delaware. Chancellor Apple's is already making clear his priorities for UH Mānoa: 1) increasing student success; 2) expanding research; and, 3) enhancing the campus as a Hawaiian place of learning.
- In July 2010, Donald Straney was appointed Chancellor of UH Hilo. Dr. Straney was dean of the College of Science and professor of biology at California State Polytechnic University, Pomona, since 2002 until his appointment. Prior to that, he spent 23 years at Michigan State University where he served as chair of the Department of Zoology. He has promoted a strong STEM focus at UH-Hilo.

UH West O‘ahu Chancellor Gene Awakuni and UH Maui College Chancellor Clyde Sakamoto have had long tenures in their positions. Chancellor Awakuni is preparing to open the new UH West O‘ahu campus in Kapolei in August 2012. Chancellor Sakamoto has transitioned the Maui campus from a two-year to a four-year campus and is now accredited by the Accrediting Commission for Senior Colleges and Universities. Maui College offers three bachelor of applied science degrees.

As evidenced above, a number of executive appointments have occurred within the past two years. These appointments have filled gaps in functional areas, clarified lines of authority, and addressed areas of concerns by selected constituencies, such as the longstanding vacancy of a vice presidency in student affairs.

➤ Board of Regents Appointments

In 2007, new legislation expanded the size of the Board from 12 regents serving four-year terms to 15 regents serving five-year terms, except for the student member, whose term is two years. Regents cannot serve more than two consecutive five-year terms. As vacancies on the Board occur, a Regents Candidate Advisory Council (RCAC), established by Act 56, submits names of potential regents to the governor. The governor selects nominees from the lists supplied by the RCAC and submits the regent nominees to the State Senate for its consent and confirmation of the appointment. Typically, appointments are effective July 1 and expire on June 30. The governor has the authority to appoint regents on an interim basis to fill unexpected vacancies that occur when the Legislature is not in session. These interim appointments expire unless the appointment is confirmed by the senate at the next legislative session.

During its last visit, the Commission shared concerns about the new nominating process and expanded Board membership, including the turnover of potentially 12 out of 15 regents by July 2008 due to timing issues, the potential that the Board be viewed as a partisan Board due to the major governance change in appointment process, and the continued operational effectiveness of the Board. From the UH administration’s perspective, the Board has been able to maintain its operational effectiveness irrespective of perceptions of a politicized appointment process and a larger Board membership. The following activities have provided a solid foundation for Board members on their roles and responsibilities as regents.

To familiarize incoming and current Board members on University matters, the UHS annually holds a new regents orientation in June and a budget workshop in August. The new regents orientation is essentially a half day primer facilitated by the Executive Vice President for Academic Affairs/Provost. The *BOR Reference Guide*, a document which provides an overview of the University’s major functions and areas is written for and shared with Board members for this specific orientation (www.hawaii.edu/offices/app/bor/bor2012.pdf). The reference guide has been updated annually since 2008. The annual update is also shared with the full Board. Then in August, a budget workshop for the full Board is held by the Vice President for Budget and Finance/Chief Financial Officer and the Executive Vice President for Academic Affairs/Provost. The workshop provides regents with an understanding of the University’s biennium budget process as an integrated planning framework, from state

priorities and institutional mission through budget implementation (refer to the *BOR Reference Guide*, Appendix J). Lastly, the Board continues to engage the Association of Governing Boards for policy and training practices for Board members.

A recent change that has positively affected the Board's makeup has been the selection of a second Vice Chair. The appointment of a second Vice Chair provides greater flexibility and better coverage at meetings and events that the first Vice Chair may not be able to attend. The second Vice Chair may also be called upon to represent the Board should the need arise. The ability to appoint up to two Vice Chairs was approved at the January 2011 Board and signed into law by the Governor in May 2011. As previously mentioned, the President and Provost meet weekly with the Board Chair and both Vice Chairs.

The delegation of authority that began during former President McClain's tenure has continued to evolve. At the March and April 2011 BOR meetings, the Board approved proposed amendments to its bylaws and policies, reducing the document from 291 to 46 pages. The amendments transferred a number of the administrative responsibilities back to the UHS, effectively reducing the Board's required time on those matters and enabling them to focus on a more substantive, policy agenda.

At the time of this writing, four regents have cycled in and out as of June 30, 2012. Of the 11 continuing regents, two have been reappointed. Providing opportunities for Board members to get up to speed as quickly as possible, and to focus on a policy oriented agenda, has been beneficial for both the UH administration and the Board in improving the effectiveness of their respective functions.

2. Monitoring of the System Office Organization

➤ Organizational Structure

The current organization of the UH System, approved by the Board of Regents in November 2010, includes the following positions as direct reports to the President (organization chart attached): Executive Vice President for Academic Affairs/Provost; Vice President for Budget and Finance/Chief Financial Officer; Vice President for Information Technology/Chief Information Officer; Vice President for Student Affairs and University/Community Relations; Vice President for Research; and Vice President for Community Colleges. The chancellors of the three university campuses report directly to the President, and the seven Chancellors of the two year campuses report dually to the President and the Vice President for Community Colleges. The Vice President for Legal Affairs and University General Counsel reports dually to the President and the Board of Regents.

In addition to the system reorganization in November 2010, which officially reassigned the Office of Capital Improvements and the Office of Human Resources, there have been a few minor reorganizations within the UHS units. Two of the most recent are noted below.

- The most recent was the Office of the Executive Vice President for Academic Affairs/Provost, effective July 2012. The purpose of the reorganization was to bring the

organization up to date on current system initiatives and priority areas and to consolidate and streamline its programs. Major highlights include: the redescription and reassignment of positions to support the Hawai'i Graduation Initiative, a systemwide data governance initiative, and an international presence at the system; the establishment of an Associate Vice President for Academic Affairs (formerly the Director of Academic Affairs) to provide additional support for the Executive Vice President; and the consolidation of the academic and non-academic personnel administration functions under the Office of Human Resources. (<http://web41.its.hawaii.edu/www.hawaii.edu/budget/oia/docs/11R-SAexecutivevpacademicaffirsprovost.pdf>)

- The Office of the Vice President for Community Colleges underwent its reorganization in November 2009. Similarly, the reorganization was intended to streamline and create more effective and efficient functional units to meet the needs of the seven community college campuses. The majority of enrollment growth within the last five years at the University of Hawai'i has been at the community colleges. The reorganization established centralized support for marketing and communications, providing campuses with strategic communication of vital information about all UH Community College programs, services, events, and general information in a timely and effective manner. Provisions also included resources for a coordinated environmental health, security, and emergency response throughout the UH Community College system. (<http://web41.its.hawaii.edu/www.hawaii.edu/budget/oia/docs/09R-SAvpcommunitycolleges.pdf>)

➤ Performance Evaluation of System Executives

All system executives have current job descriptions, set annual goals and objectives, and are evaluated on an annual basis. A “360” evaluation, conducted by the UH Human Resources Office, provides input from subordinates, peers, and constituents, and is required for each of the vice presidents and chancellors. The President’s evaluation is conducted annually by a special BOR committee.

➤ Shared Governance

The following groups share in the governance of the 10 campus system providing leadership, communication, and advice on system-wide policies, plans, and practices:

- The Council of Chancellors (a council of all ten chancellors) is convened monthly by the President, and the agenda includes items of system-wide concern that require the attention of the chief executive officer of each campus. Such items include budget priorities and preparation, policy changes that affect the campuses (e.g., financial aid policy, resident status for tuition purposes, electronic communications policy), and matters that require the review and advice of the chancellors, (e.g., honorary degree candidates, naming opportunities). The System Vice Presidents also participate in these meetings.

- The chancellors of the three university campuses meet monthly with the President and system vice presidents following the larger Council of Chancellors meeting to focus on and share four-year campus issues, including their relationships with the UH System. In addition, the President meets one-on-one with each chancellor and the Vice President for Community Colleges.
- The system vice presidents meet weekly as a group with the President. On alternating weeks, selected associate vice presidents join the group. This opportunity brings the system leadership together to address substantive system-wide issues that require focused and sustained attention. Others included in the meeting are the President of the UH Foundation and the Secretary to the BOR.
- The Council of Chief Academic Officers is convened monthly by the Executive Vice President for Academic Affairs/Provost, and the agenda includes items of systemwide academic concern. For example, authorizations to plan new programs are reviewed, common templates for BOR presentations are created, and data collection and reporting issues across the system are discussed.
- The Council of Systemwide Student Affairs Officers is convened about every six weeks by the Associate Vice President for Student Affairs. The chief student affairs officers from each campus meet to discuss student affairs policies and issues that affect all ten campuses. These include discussions on Banner, the systemwide student information system and registration software, and policies affecting student organizations, financial aid, scholarships, and retention.
- Twice a year the Chief Academic Officers and Chief Student Affairs Officers meet together with a shared agenda.
- The All Campus Council of Faculty Senate Chairs (ACCFSC) consists of the chairs of all duly constituted faculty senates in the UH system. The purpose of the council is to advise the President of the University and the faculty senates or equivalent organizations on systemwide academic and governance issues; to share information and promote an open, democratic, and collegial discussion of issues of systemwide concern; and to promote the involvement of faculty at all levels of the University in matters of shared governance and academic policy and planning. The ACCFSC meets monthly. The Executive Vice President for Academic Affairs/Provost serves as liaison to the Council.
- The Student Caucus consists of two student representatives from each chartered student government from each of the ten campuses. This systemwide student association, which meets monthly together with the Associate Vice President for Student Affairs, discusses issues that affect students across the ten campuses and advocates collectively for the interests and needs of students. The Caucus is a consultative body on behalf of students to the President. It also sends student representatives to testify at the State Legislature on proposed bills that affect students at the University of Hawai‘i. Issues of concern include safety and security on campus, repair and maintenance of buildings and residence halls, and financial assistance for needy students. Representatives from the Student Caucus are

appointed to the University Council of Articulation which is a systemwide committee focused on issues of articulation and transfer across the UH campuses.

- The Pūko‘a Council is comprised of Native Hawaiian faculty, staff, administrators, and students associated with the UH System. Their mission includes increasing the number of Native Hawaiians at the University, promoting excellence in the study of Hawaiian language and culture, advocating for parity for Native Hawaiians and Native Hawaiian serving programs, and enriching the community through Hawaiian cultural values. The Executive Council, consisting of two representatives from each campus, meets a minimum of four times a year, and is advisory to the President.
- Additional systemwide advisory groups provide input and advice relating to distance and online learning, business information systems, the Banner system, information security and data governance.

➤ Role of the UHS Relative to Campuses

Annual retreats based on the mission and goals of the UHS are planned for UH system and campus leadership by the President’s Office. The mission statement of the UH System Leadership, crafted in November 2006, reads as follows:

On behalf of the Board of Regents, the University of Hawai‘i System ensures that higher education in the state of Hawai‘i affords improvement in the quality of life and the social, economic, and environmental well-being of its citizens, particularly those who in the past have been less well served, including the Native Hawaiians. To accomplish this mission, the System Office (UHS) is committed to providing the **vision, leadership, and stewardship** needed to enable the ten University campuses to advance missions that promote distinctive pathways to excellence, differentially emphasizing instruction, research, and service while contributing to a coherent response to the needs of a technologically advanced, globally competitive, and culturally diverse island state.

The three goals that guide the priorities of the UHS are:

- To establish and promote the public higher education agenda for the state of Hawai‘i and to measure our progress in meeting the agenda;
- To secure, allocate, and responsibly manage the resources needed to implement and sustain the agenda;
- To ensure that the policies and procedures guiding operational support are coherent, cost effective, service-oriented, and best practice.

The annual one day retreats provide system and campus leadership an opportunity to focus on system priority agenda items and to set goals for the months ahead. The most recent January 2012 retreat focused on plans around energy conservation, innovation and technology, the Hawai‘i Graduation Initiative (HGI), UH as a best performing system of

higher education, and UH as a model indigenous serving university. A team building exercise that involved paddling together in an outrigger canoe highlighted the need for everyone to be “paddling together” in the same direction in the same canoe “all of the time” instead of “some of the time.”

3. Improving Financial Budgeting, Accounting and Reporting Systems

➤ Implementation of a New Financial System

At the time of this writing, the University has just gone live with the first phase of a major implementation of a new financial management information system, Kualifinancial System (KFS). It replaces the Financial Management Information System (FMIS), a 25+ year old mainframe system. FMIS was not meeting institutional requirements, and support and maintenance had grown more challenging in the current marketplace, with diminishing and limited support for dated technology constraining the ability to meet increased business requirements.

KFS is a higher education community-source initiative focused on creating a comprehensive suite of financial software that meets the needs of all Carnegie Class institutions. KFS’s goal is to transition the proven functionality of legacy applications to the ease and universality of web-based online services. KFS is currently being jointly developed by the Kualifinancial Foundation and its partners—colleges, universities (the University of Hawai‘i is a founding partner), and interested organizations— that share a common vision of open, modular, and distributed systems for their software requirements.

Kualifinancial embodies best practices of academic institutions to improve efficiency, bring business practices up-to-date, and use data to drive decision making. One of the best practice models is the increased transparency of financial information within the system, allowing users to see summary data across units. A major cultural shift for the University will be to transition from a traditionally closed culture around data use to a more open and accountable business model. The UH has implemented the KFS core modules with base functionality for FY 2013 and will continue to enhance the system in the current fiscal year and beyond. Detailed project information and implementation status reports can be found at www.hawaii.edu/kualifinancial.

➤ Fiscal Biennium 2013–15 Budget Development Process

Board of Regents policy requires the President to present a biennium budget policy paper for discussion and approval by the Board of Regents and for subsequent transmittal to the Governor and the state legislature. The policy paper is the end product of the Fiscal Biennium Budget development process and is based upon the University’s strategic plan and related strategic outcomes. Program targets are further refined by the priorities of the three strategic initiatives described previously.

For the current Fiscal Biennium 2013–2015 Budget Request, the University is proposing development of a performance-based model using the following two criteria:

- Maintaining significant progress on performance measures through 2015;
- Leveraging tuition revenues with general funds.

The rationale for this strategy is two-fold. Despite reductions in general fund support, the University has shown success in meeting many of our performance goals. The loss of general funds has required cost-shifting to non-general funds, which has been possible because of the emergence of tuition and fees revenues as a core source of funding. This cost-shifting, however, is not sustainable without a more proactive approach to leveraging general and non-general funds within the context of our performance goals.

The following areas highlight where the University sees its future challenges and opportunities with regard to funding streams:

- **General Fund Revenue — Ongoing Reductions since 2007**
The University of Hawai‘i has faced general fund reductions totaling \$336 million since 2007, reflecting a 40 percent erosion of state support. In the current FY12, the University’s state-appropriated funding mix was 42 percent general funds and 58 percent non-general funds. Preliminary indicators from the 2012 legislative session show that general fund support for FY13 will remain at current levels with concurrent increases in expenditure ceilings for non-general funds.
- **General Fund Forecast — Cautiously Optimistic**
The Council on Revenues, at its March 7, 2012 meeting, revised the forecast for state General Fund tax revenue growth in FY12 from 11.5 to 12 percent. The Council further revised its growth forecast for FY13 from 6.5 to 7.5 percent. These upward trends reflect a cautiously optimistic forecast based upon slow but steady economic improvements at the state and federal levels.
- **Extramural Funds — Continual Growth**
In FY11, the University of Hawai‘i reached \$489 million in extramural funds secured, our highest total ever. The Community College System received notification in January 2012 of a three-year federal grant of \$25 million from the U.S. Department of Labor, the largest award of its kind in the country, while the University’s Gear Up program received a seven-year federal award of \$22 million as part of the P-20 collaborative. Despite the current fiscal constraints of the federal budget, the University has experienced growth in extramural funding due to increased competitiveness and sustained systemwide commitment to our research initiatives.
- **Tuition Revenues — Emerging Source of Core Funding**
A six-year tuition schedule which included step increases beginning in 2007 expired in AY 2012. Tuition and enrollment increases during this period resulted in additional systemwide net revenues of \$96 million. The Board of Regents, at their October 2011 meeting, approved the University administration’s request for a new five-year tuition

schedule of step increases, beginning with the 2013 academic year (Fall 2012). These increases have been critical to maintain the long-term financial health of the University System and have balanced out our stagnant general fund appropriations.

- **Scholarships — Increasing from Tuition Revenues**
Along with our increasing enrollment figures, we have awarded \$37.4 million in undergraduate and graduate scholarships for academic year 2012, an increase of nine percent from 2011 and a cumulative 27 percent increase from 2009. We have substantially increased the amount of institution-based financial assistance awarded over the previous six-year tuition schedule and will continue to do so over the next five-year schedule to ensure Hawai'i residents continue to have access to public postsecondary education and training.
- **Faculty and Staff Salaries — Restoration and Repayments**
Beginning in the current FY12, the salaries of University of Hawai'i Professional Assembly (UHPA) faculty members were reinstated to their levels prior to the reductions. Beginning in the Fiscal Biennium 2013–15, in accordance with the collective bargaining agreement, the University must repay deferred compensation in lump sum payments to UHPA members as follows: 25 percent (FY13 and FY14) and remaining 50 percent (FY15). Estimated payback amounts are: \$5.6 million in FY13 and FY14, and 11.3 million in FY15, for a total of \$22.5 million over these three fiscal years. Depending upon the progress of negotiations with other collective bargaining units, additional funding for salary adjustments may also be required.
- **Enrollment Increases — Several Campuses**
Enrollment figures at all campuses are at an all-time high, with a cumulative 12 percent system-wide increase since 2009. Enrollments at community college campuses increased by 17 percent over the past four years, and enrollments in first professional degree programs increased by 60 percent in three years, largely due to the launch of the new pharmacy program at the Hilo campus. The opening of the West O'ahu campus in the Ewa Plain will offer expanded access for underserved populations and increase the going rates of Hawai'i high school graduates to University of Hawai'i programs.
- **Bond Financing — Favorable Ratings**
As of February 2012, the University closed a refunding bond issue of \$8.5 million, resulting in total savings of \$919,503 and annual savings of \$117,907 in interest and an additional \$70,000 in annual audit fees. Further, recent presentations by the University leadership team to several national bond rating agencies resulted in the University of Hawai'i System maintaining our bond ratings as follows:
 - Fitch: AA
 - Moody's: Aa2
 - Standard & Poor's: A+
- **Performance Funding — Proposed Budget Model**
The University administration is proposing that we work with the Council of Chancellors

to develop campus-wide performance-based budget requests that will award general funds with appropriate commitment of tuition and fees revenues generated and held by the campuses. Each campus administration shall be responsible for the allocation to specific programs of general funds received for performance-based funding in combination with a commitment of tuition revenues based upon the following:

- alignment with our three strategic initiatives;
- success toward achieving our 2015 performance outcomes; and
- incorporation of one or more of the performance targets for 2013–15.

4. Relations with the Governor and the Legislature

➤ Faculty Union Contract Renewed

Following 15 months of contract negotiations, an impasse, and a final formal offer by the University of Hawai‘i, the state of Hawai‘i, and the University of Hawai‘i Professional Assembly (UHPA) agreed upon a settlement effective January 16, 2010. The six-year contract, which expires on June 30, 2015, imposed a 6.7 percent pay reduction for 18 months. Effective July 1, 2011, faculty pay returned to Dec. 31, 2009 levels followed by three percent pay raises during the last two years of the contract. The contract also provided for lump sum paybacks of pay reductions and the institution of a payroll lag. Overall, this contract provides a six percent pay raise over six years for faculty. Most observers believe that the UH faculty received the most favorable contract of any public employee bargaining unit in Hawai‘i—a sentiment that is not without criticism from some sectors.

➤ Relations with the Governor

Governor Neil Abercrombie replaced Governor Lingle in November 2010. As part of his democratic election campaign, Governor Abercrombie announced his "New Day in Hawai‘i" reform plan, which included a commitment to invest in Hawai‘i’s people through education (hawaii.gov/gov/about/a-new-day).

As a former alumnus and educator at UH Mānoa, Governor Abercrombie has been a staunch supporter of higher education throughout his career. In his New Day plan, the Governor indicated that UH is the single most underutilized public resource in the state and that the University will contribute to and have a leadership role in every element of his comprehensive plan, which includes: educating young people; developing new technologies for commercial use; training health professionals, educators, and entrepreneurs; piloting innovative programs; being a focal point of statewide pride; simultaneously providing learning opportunities and valuable community services; and, attracting the best minds from around the world. He committed to ensuring that public higher education in Hawai‘i remains accessible and affordable. To that end, Governor Abercrombie has extended an open invitation to President Greenwood to sit in on his weekly cabinet meetings at her availability. He extended a similar invitation to Hawai‘i’s DOE Superintendent who, like our President, reports to an independent board.

➤ Relations with the Legislature

In its 2007 team report, the Commission indicated it still had some concern about potential legislative influence on faculty and staff assignments. There have been no further incidents and the President has invested a tremendous amount of personal effort in fostering legislative relations with very positive results. In particular, Senator Jill Tokuda, the chair of the higher education committee, has been a strong supporter of the University. Most leaders in the executive and legislative branch recognize the role of the University in the future of the state, and with few exceptions, honor the necessary balance between autonomy and accountability in the state's relationship with the University.

In this year's legislative package, we once again sought exclusion from the state's procurement code and to increase the University's authorization to issue revenue bonds. Another package measure involved the authorization to carry over into the next fiscal year up to five percent of general fund appropriations. These three bills did not pass. However, an emergency measure passed early in the session which increased the University's authorization to issue revenue bonds by \$100 million for qualifying capital improvement projects. A separate proposal of significance to higher education in the state which did pass requested the Legislative Auditor to examine the federal Higher Education Act of 1965 and make recommendations to ensure compliance of institutions offering postsecondary educational programs.

The University intends to continue working on our partnership with the state in order to better serve the state's citizens and to strengthen the legislature's belief that investment in the University is critical to the state's future.

5. Impact of Increased Tuition

➤ New Tuition Schedule Effective Fall 2012

The University's six year tuition schedule (AY 2006–07 through AY 2011–12) expired at the end of the 2012 academic year. A goal of this schedule was to address weakening state support by bringing UH's rates, which had been historically low, in line with projected averages of peer and regional campuses by the final year of the schedule. This strategy enabled the University to weather the reductions in general fund appropriations and to preserve services that directly impacted students, including maintaining course availability and student support services. Salary reductions, hiring freezes, frugal purchasing, travel restrictions, energy conservation, and other measures were also taken to reduce operational costs. At the end of the schedule, the University largely succeeded in staying close to the averages of its peers.

A fall 2007 mid-schedule review indicated a lack of impact on the enrollment of underrepresented ethnic groups. In fact, Native Hawaiian enrollment increased annually, and in fall 2010, Native Hawaiians became the largest ethnic group at the University of Hawai'i. In fall 2011, Native Hawaiians comprised 23 percent of the student body. We have attributed the lack of impact, in part, to the increased amount of institutional aid awarded over the six-

year schedule. At the three university campuses, 15 percent of total tuition revenues from the prior academic year were dedicated to institutional aid. At the community college campuses, 11 percent of total revenues from the prior year were dedicated to institutional aid.

Tuition revenues continue to comprise a growing share of the University's funding stream, though that share remains comparably lower than the national average. A FY 2010 State Higher Education Finance (SHEF) report from the State Higher Education Executive Officers (SHEEO) indicated that tuition accounted for 29 percent of total funds used to pay for public higher education in Hawai'i. The national average was 40 percent for public institutions. The cost share between students and their families and the taxpayers of Hawai'i is something the University takes very seriously.

To maintain access to quality higher education and to ensure its long-term financial health, the University proposed moderate and predictable step increases in a new five-year tuition schedule, effective 2012–13 through 2016–17. The BOR approved the schedule in October 2011. The proposal included measures to preserve the University's strong record of access. At the three university campuses, tuition revenues dedicated to financial aid will be increased one percent annually from 15 percent. By the end of the six-year schedule, 20 percent of tuition revenues will be used for institutional aid. At the community college campuses, the annual 11 percent rate from the previous schedule will be maintained.

The UHS will conduct another mid-schedule review of tuition rates in spring 2014 to assess where the University stands relative to its peers and to measure first time enrollment and retention of underrepresented ethnic groups. Adjustments may be proposed based on the university's financial situation, the impact on access for students, and the relative standing compared to national and regional tuition averages. As the state's sole public higher education system, the University remains steadfast in its commitment to providing access and quality education to Hawai'i's citizens and will continue to look for ways to reduce costs and expand its revenue sources through philanthropy and federal contracts and grants.

➤ Summer Tuition

Since summer session is self supporting, the majority of summer per credit hour rates across the campuses are based on UH Mānoa's resident undergraduate per credit hour rate during the regular academic year. The results were substantial increases in annual summer per credit hour rates across all campuses, making summer an increasingly less affordable option. To counter this trend, summer 2011 rates were reduced for resident undergraduates at nine campuses (UH Mānoa's per credit hour rate was not lowered). Based upon campuses' feedback and summer enrollment data, the University administration proposed to lower summer 2012 rates to summer 2011 levels in the AY 2006–07 to AY 2011–12 tuition schedule.

In January 2010, the Board of Regents approved the reduction of summer 2012 rates to summer 2011 rates for resident undergraduates at nine campuses (UH Mānoa was excluded). The proposal was intended to make summer classes more affordable for resident

undergraduate students and followed a price reduction the previous year. Rates for remedial and developmental classes were also reduced in summer 2011 and 2012.

The Board of Regents also delegated authority to the President to set summer tuition rates on an annual basis going forward, on the condition that the rate increases do not exceed the rate of corresponding tuition increases from the previous academic year. Any increase beyond this ceiling requires Board of Regents approval. The delegation of authority to the President to set future summer rates provides the University administration with the flexibility to moderate and adjust rates to achieve the dual goals of encouraging more students to attend summer school through attractive pricing and providing campuses with a viable financial return. As part of the University's strategic outcomes goal of increasing the number of graduates by 25 percent by the year 2015 and Hawai'i Graduation Initiative's "Fifteen to Finish" campaign, the University is encouraging undergraduate students to attend summer school to graduate on time.

IV. Concluding Statement

This summer, the University of Hawai'i was one of 20 public land-grant universities showcased in the Smithsonian Folklife Festival in Washington D.C. in celebration of the 150th anniversary of the signing of the Morrill Act of 1862 which established our land-grant universities (www.hawaii.edu/news/category/uhsmitsonian2012/). Among the University of Hawai'i exhibits featured were traditional Hawaiian health and healing practices, a mini taro patch, non-instrument navigation, and medicinal herb and organic farming. Hula performances were also showcased as part of the state's cultural heritage at the festivities. As an indigenous serving university, UH is committed to perpetuating our proud cultural heritage. As the sole public institution of higher education in Hawai'i, we are also strongly committed to meeting the needs of the state. Working together with the Board of Regents, we are optimistic we can meet our future goals encompassed in our three system strategic initiatives.

As we reviewed the 2007 issues of interest to WASC, we believe that significant progress has been made. Although we had a number of turnovers among our administration, the current team of system and campus leadership is committed to a high level of performance for the entire system. We have streamlined our system organization, and as a result, both functions and relationships, internally and externally, are greatly improved. As stated in our mission, the UH system administration is committed to providing the vision, leadership, and stewardship needed to take this university to a higher level of excellence and the state's citizens to a better quality of life.