Environmental Context

State General Fund Appropriations
- State appropriation reduced by $98 million in the current fiscal year
- Cut further increased to $100 million for 2010
- 21% decrease to our general funds
- $110 million in cuts proposed for next year by House, a reduction of over 23%
- Final appropriation will not be known until end of legislative session; Governor may further restrict funds depending upon subsequent Council on Revenues projections

Board of Regents Policy, Section 8-3

The biennial budget policy paper guides the preparation of the biennium budget, and includes:
- The environmental context for budget building
- General program, policy and management objectives
- Institutional priorities
Internal Context

• All-time high in enrollment with 58,000 students
• Executive, faculty & staff wage cuts (no loss of instructional days)
• Reduction in lecturers and other temporary staff
• Reduction in classes and support services
• Campuses closed during breaks

Other Factors

• American Recovery and Reinvestment Act (ARRA) Funds end
• Salaries of UHPA members reinstated; other salaries yet to be determined
• Currently in fourth year of a six year schedule of tuition increases; last year of scheduled increases will be the first year of the biennium; subsequent tuition yet to be determined

Council on Revenues Projections

• Reduced projection for FY 2010–11 from a 7.6% to a 6.0% increase
• Projection for the first and second year of the biennium for an additional 6.0% increase

Program, Policy, and Management Objectives, and Institutional Priorities

• June 2002, the Board of Regents adopted the University of Hawai‘i System Strategic Plan: Entering the University’s Second Century, 2002–2010
• In the 2007–08, the University community and public revisited and reaffirmed the strategic plan
Strategic Outcomes, 2008–2015

- Positioning the University of Hawai‘i as one of the world’s foremost indigenous-serving universities by supporting the access and success of Native Hawaiians.

- Increasing the educational capital of the state by increasing the participation and completion of students, particularly Native Hawaiians, low-income students, and those from underserved regions.

- Contributing to the state’s economy and providing a solid return on its investment in higher education through research and training.

- Addressing critical workforce shortages and preparing students (undergraduate, graduate, and professional) for effective engagement and leadership in a global environment.

- Acquiring, allocating, and managing public and private revenue streams and exercising exemplary stewardship over all of the University’s resources for a sustainable future.

Performance Measures

- Ten performance indicators established for five outcomes

- Baseline data established in 2008

- First update provided to the Board of Regents in January 2010

- Based on 2009 outcomes

The Hawai‘i Graduation Initiative

Increases undergraduate, graduate and professional degrees and certificates awarded by 25% (2008—2015)

Initiative on Workforce Development and Technology Advancement

Addresses critical workforce shortages (undergrad, grad & professional); identifies & develops technologies to advance and diversify the state’s economy; identifies areas for potential growth

Project Renovate to Innovate

Underscores the importance of infrastructure in sustaining the University’s reputation for excellence in research and training
Biennium Budget Development Strategy

- Develop a realistic budget request that recognizes the financial condition of the State
- Provide concrete plans for strategic growth in which the state can invest

Three Principles

- Budget priorities grounded in the strategic outcomes, particularly the three initiatives launched by President Greenwood.
- Opportunities will be sought for reallocation and reinvestment in strategic priorities.
- A substantial portion of appropriated new monies will be allocated to units based on performance.

Operating Fund Request

Part 1—
Outcome based funding for the Hawai‘i Graduation Initiative

Funding based on three outcome measures:

- Increase in enrollment
- Increase in transfer from 2 to 4 year campuses
- Increase in number of graduates

- Baseline data for enrollment will be census data Fall 2010 compared to Fall 2011
- Baseline data for transfer and graduation will be AY 2009–10 compared to AY 2010–11
Part 2—Performance-based Program Change Requests (PCRs)

To advance workforce development;
To identify and develop innovations and technologies to advance the state’s economy;
To build the state’s capacity for growth and development;
To assist in diversifying the economy.

Evaluation of PCRs based on criteria:

- Alignment with the strategic outcomes
- Likelihood for realizing significant progress on the relevant performance measure
- Grounded in program review/improvement
- Measurability of results
- Creative, collaborative, and entrepreneurial thinking
- Leverage system wide sharing of program, projects and/or personnel

CIP Funds

- Project Renovate to Innovate funds
- General Obligation bond funds to finance major renovation projects
- Revenue bonds to finance innovative, modernization projects and those that support our competitiveness for extramural funding

Biennium Budget Committee

- System wide group of administrators, faculty, staff, and students
- Co-chaired by VPAPP & VPBF/CFO
- Charged with evaluation of PCRs submitted by campuses, system, and system wide groups