



UNIVERSITY OF HAWAI'I

Vice President for Budget and Finance and Chief Financial Officer

January 31, 2006

MEMORANDUM

TO: Chancellors
Senior Management Staff
All Campus Council of Faculty Senate Chairs
Pukoa Council
UH Student Caucus
Travel Industry Management Consortium
UH System Library Council
UH System Nursing Committee
UH System Teacher Preparation & Development Group

VIA: David McClain, Interim President

FROM: Howard Todo, VP for Budget & Finance/Chief Financial Officer
Linda Johnsrud, Interim VP for Academic Planning & Policy

SUBJECT: BIENNIUM BUDGET PROPOSAL DEVELOPMENT

The development of the budget for the fiscal biennium 2007-09 is at hand. The development of this biennium budget will strive to adhere to a process which is both transparent and inclusive, and in which information will be widely shared and a concerted effort made to expand the process of input from members of the University community.

The biennium budget preparation process follows the principles set forth in Section 8-3 of the Board of Regents Policies. This document will serve as the budget policy paper prescribed therein.

As we discussed at the December Council of Chancellors meeting, each Chancellor is asked to develop a campus process that addresses state needs, the priorities detailed in the campus current Strategic Plan and the System Strategic Plan, and involves the campus faculty governance body. The preliminary outcomes of the campus budget development process need to be completed by early March. In the case of the community colleges, they will also align their campus-specific proposals as a system to address common goals and priorities. Beginning March 22nd, system-wide "Stocktaking" meetings on the biennium budget will be scheduled.

BIENNIUM BUDGET PROPOSAL DEVELOPMENT

page 2

This year the “Stocktaking” meetings are being designed to better align the biennium budget proposal with identified state needs as summarized in the attached document entitled: “Hawaii’s Higher Education Needs.” This summary reflects the environmental context for budget building as determined in the analyses conducted for the Second Decade Project. The preliminary results were presented to the Board of Regents at its January 19, 2006 meeting.

Each Chancellor, the Vice President for Community Colleges on behalf of the Community College System and the Vice President for Budget and Finance/Chief Financial Officer on behalf of the system-wide offices is asked to address the following four questions:

- How can your campus/system better meet state needs?
- How can your campus/system increase student participation and success?
- How will you know you have succeeded?
- How will you fund new initiatives?

Each Chancellor/VP will make a 30-minute presentation (with deference to UHM’s size and complexity -- 60 minutes). The purpose of the presentations is to permit each campus to explain their campus’ biennium budget proposals to all other campuses as a precursor to integrating the individual campus proposals into a system-wide biennium budget proposal.

Other system-wide groups are invited to participate in the stock-taking process. In order to ensure that these proposals may be incorporated into campus budgets as appropriate, other system-wide groups will present their proposals to the Council of Chancellors at a special meeting in early March. Prior to this meeting, each system-wide group is asked to work with each campus to integrate their proposals into the campus budgets. In addition to the questions posed above, system-wide groups are asked to carefully distinguish between those:

- Initiatives that need to be funded and directed at the campus level and the needed levels of funding for each participating campus, and those
- Initiatives that need to be funded at the system level (for reasons of efficiency, effectiveness, etc.) and how those funds are to be managed at the system level.

The Council of Chancellors will then make recommendations as to the priorities and funding for these initiatives at the campus and system levels.

The “Stocktaking” meeting audience will include members of the Biennium Budget Advisory Committee (a committee with system-wide representation from the faculty, students, and staff) and invited representatives from various campus constituencies, e.g., All Campus Council of Faculty Senate Chairs, Student Caucus, and general members of each campus administration, the faculty, students, and staff. The Biennium Budget Advisory Committee’s charge is to make recommendations in the formulation of an integrated system-wide biennium budget proposal.

While each campus may adopt a budget building process consistent with their needs and collaborative operating practices, the resulting campus budget proposals are to reflect the following hallmark characteristics:

BIENNIUM BUDGET PROPOSAL DEVELOPMENT

page 3

- Recognition that funding for higher education is a shared responsibility of the state (through state general fund appropriations), students (through tuition), and campuses (through efficiency, reallocation, and/or generating other revenues).
- The campus' responsibility to generate additional revenues and to diversify revenue sources.
- The recognition of a campus' unique missions in association with the campus' responsibility to be accountable for the measurable outcomes of meeting state needs and the campus' strategic plan goals and objectives that concurrently contribute to system strategic plan priorities.
- Recognition of operating cost increases (i.e., cost of increased enrollment, salary increases, and operating and utility costs) in balance with a reasonable amortized rate of growth in the context of the State's projected economic condition and the campus' financial plan that integrates a variety of sources of funding.
- Campus investment in support of statewide and system-wide priorities individually or in collaboration with other campuses.
- Facilities and infrastructure proposals consistent with the campus strategic plans and system priorities and long range plans.

The basic form for submittal of the budget request for purposes of the "Stocktaking" meetings by each campus will be UH Form C and supporting UH Form C-1 (attached) for budget adjustments. These forms include General Funds and Tuition and Fees Special Funds.

For each campus' base operating budget, the campus should go through similar considerations as outlined above, taking into account all sources of funds, including tuition and fees special funds. This should be submitted on UH Form B (attached). This form should be prepared at a senior management level (Chancellor/Vice Chancellor).

Following the "Stocktaking" meetings, the University's system-wide biennium budget proposal will be developed as follows:

By April 17

Biennium Budget Advisory Committee will meet, formulate, and submit its recommendations to the University's Executive Budget Committee whose members shall be the Vice President for Academic Planning and Policy, Vice President for Administration, Vice President for Budget & Finance/Chief Financial Officer, a chancellor from a senior college, a chancellor from a community college, and the Director of Budget.

By May 1

In the context of recommendations received, the University's Executive Budget Committee will formulate a draft system-wide biennium budget proposal which shall be subject to consultation on a system-wide basis.

BIENNIUM BUDGET PROPOSAL DEVELOPMENT

page 4

By May 22

Members of the University community at-large may submit comments to the University Executive Budget Committee regarding the draft on an individual or on a group basis.

By June 15

The University Executive Budget Committee shall submit its recommended biennium budget proposal to the President for consideration. Upon approval, the University Biennium Budget proposal shall be concurrently submitted to the Board of Regents and posted with an appropriate announcement to a publicly accessible website. After determination is made of the items to be included in the biennium budget proposal submitted to the Regents, State Form A will be required for each request.

Attachments

Date: _____

UNIVERSITY OF HAWAII
Stocktaking Presentation
FB 2007-09

Program ID/Title: _____
Chancellor/Vice President: _____

I. Program Profile

Metrics	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
Activity Measures (Fall Sem) (Data to be provided by IRO and University Budget Office) Examples of potential metrics: Student Enrollment (Headcount) Semester Hours Taught Analytical FTE Faculty						
Efficiency Measures (Fall Sem) (Data to be provided by IRO and University Budget Office) Examples of potential metrics: Student-Faculty Ratio SH per FTE Faculty Expenditure per SSH						
Base Funding General Funds Tuition and Fees Special Fund Total	(PC) \$ (PC) \$ (PC) \$ Total					

II. Status of Current Program
(Description of current program activities and performance)

III. General Fund Growth Rate (Data to be provided by University Budget Office)

		Base		BI 2007-09		Estimated		
		FY 2006-07		FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Council on Revenues (12/16/05)	%	7.5%		7.1%	5.0%	5.5%	5.2%	4.6%
	\$							
UH Program Request Ceiling	%			15.0%	10.0%			
	\$							

IV. Summary of New Initiatives

Request for New Funds (UH Form C-1)		General Funds		Tuition and Fees Special Funds		Total	
		FY 2007-08	FY 2008-09	FY 2007-08	FY 2008-09	FY 2007-08	FY 2008-09
Increase Educational Capital of the State	(PC) \$						
Expand Workforce Development	(PC) \$						
Assist in Economic Diversification	(PC) \$						
Address Underserved Regions/Populations	(PC) \$						
Other Urgent Priorities	(PC) \$						
TOTAL	(PC) \$						

V. Effort to Meet State Needs

A. Current efforts and capabilities to address the above budget request categories

B. New or expanded initiatives to address the budget request categories

Date: _____

UNIVERSITY OF HAWAII
Stocktaking Presentation
FB 2007-09

[illegible][illegible]

Request Categories:

- A Increase Educational Capital of the State
- B Expand Workforce Development
- C Assist in Economic Diversification
- D Address Underserved Regions/Populations
- E Other Urgent Priorities

Hawai'i's Higher Education Needs

1. Increase the educational capital of the state
 - Increase college going rates
 - Increase transfer from 2 year to 4 year campuses
 - Increase production of certificates, associate, and bachelor's degrees
2. Expand workforce development initiatives
 - Increase outreach to those not in the workforce
 - Expand program capacity in critical shortage areas
3. Assist in diversifying the economy
 - Increase education to encourage entrepreneurship
 - Increase technology transfer
 - Increase responsiveness to training needs
4. Address underserved regions and populations of the state, particularly Native Hawaiians
 - Increase educational services to western O'ahu (Wai'anae, North Shore, 'Ewa) and West Hawai'i
 - Increase student participation and success in all regions of the state, particularly East Hawai'i

How can UH expand service to better meet state needs? (examples)

- Build, buy, rent, or lease space
- Use technology-mediated delivery
- Maximize potential of University & Education Centers
- Increase efficiencies
- Public private partnerships
- Creative funding strategies

How can UH increase student participation and success? (examples)

- Work with high schools on college readiness
- Recruit in-state students
- Reduce attrition
- Shorten time to degree
- Increase access to financial aid
- Increase technology-mediated advising

How will we know we have succeeded? (examples)

- Specific measurable outcomes
- Performance indicators tracked over time
- External benchmarks

How will we pay for these initiatives?

- Include all sources of funding

Date: _____

UNIVERSITY OF HAWAII
Executive Review of Base Operating Budget
FB 2007-09

Program ID: _____
 Program Title: _____
 Chancellor/Vice President: _____

I. Base Budget Operating Cost Summary

Base Budget FY 2006-07 Act, SLH 2006	
General Fund	TFSF
0.00	0.00
Permanent Position Counts	
A. Personal Services	
B. Other Current Expenses	
C. Equipment	
TOTAL	

FB 2007-09 Total Planned Reallocations	
General Fund	TFSF
0.00	0.00

FB 2007-09 Total Reallocated Base Budget	
Total	TFSF
0.00	0.00

II. Summary of Issues and Problems Affecting Program Operations

III. Description of Management, Oversight, and Control Systems Currently in place over the Operating Budget (e.g. Program Reviews) and the Resulting Reallocations from the Base Budget

IV. Internally Established or Proposed Program Performance Measures to Assess Program Effectiveness and Efficiency and Support Resource Allocation Decisions