MINUTES

BOARD OF REGENTS’ JOINT MEETING OF THE

COMMITTEES ON BUDGET & FINANCE and PLANNING & FACILITIES

OCTOBER 1, 2015

I. CALL TO ORDER

Joint Meeting of the Committees on Budget and Finance and Planning and Facilities Chairs Jan Sullivan and Ben Kudo, respectively, called the meeting to order at 10:46 a.m. on Thursday, October 1, 2015 at the University of Hawai‘i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A, 2420 Correa Road, Honolulu, Hawai‘i 96822.

Committee on Budget and Finance members in attendance: Committee Chair Jan Sullivan; Committee Vice Chair Barry Mizuno; Regent Simeon Acoba; Regent Wayne Higaki; Regent Coralie Matayoshi; Regent Michael McEnerney; Regent Lee Putnam.

Committee on Planning and Facilities members in attendance: Committee Chair Ben Kudo; Committee Vice Chair Stanford Yuen; Board Vice Chair Jan Sullivan; Regent Jeffrey Portnoy; Regent Michelle Tagorda; Regent Ernest Wilson, Jr.

Members excused: Regent David Iha.

Others in attendance: Regents’ Chair Randy Moore; Board Vice Chair Eugene Bal (ex-officio committee members); President David Lassner; Vice President for Academic Affairs Risa Dickson; Vice President for Administration Jan Gouveia; Vice President for Community Colleges John Morton; Vice President for Legal Affairs and University General Counsel Carrie Okinaga; Vice President for Research Vassilis Syrmos; Vice President for Information Technology Garrett Yoshimi; Vice President for Budget & Finance/Chief Financial Officer Kalbert Young; Executive Administrator and Secretary of the Board of Regents Cynthia Quinn; and others as noted.

II. APPROVAL OF MINUTES OF THE SEPTEMBER 2, 2015 JOINT COMMITTEE ON BUDGET & FINANCE AND PLANNING & FACILITIES MEETING

Regent Matayoshi moved to approve the September 2, 2015 Joint Committee on Budget & Finance and Planning & Facilities meeting minutes, Regent Wilson seconded the motion, and the minutes were unanimously approved.

III. PUBLIC COMMENT PERIOD
Executive Administrator and Secretary of the Board of Regents, Cynthia Quinn announced that the Board Office received no written testimony and one individual signed up to testify.

1. Bob Cooney, UHM Faculty Senate Executive Committee Chair, reminded the board of a resolution passed by the UH Mānoa (UHM) Faculty Senate in 2014 regarding reconsidering the issue of raising parking fees in the context of affordability and use of fees as subsidies for non parking related uses (e.g., shuttle bus) rather than maintenance of the facilities.

IV. AGENDA ITEMS

A. Recommend Approval of Fiscal Year 2017 Proposal for Supplemental Budget Submittal

Budget & Finance Committee Chair Sullivan indicated she was going to take the two agenda items would be considered separately.

1. Additional General Fund Operating Proposal

VP Young gave a presentation outlining the process; Fiscal Year 2017 Operating Appropriation; Statewide General Fund Outlook; Operating Budget Requests; UHM requests; Athletics Department requests; UH West O'ahu (UHWO) campus evolution; and other requests.

VP Young clarified that the request for additional funding will be sent to the State Department of Budget & Finance on October 15, 2015 for consideration of inclusion in a future Governor’s executive budget proposal. It is not an operating budget proposal for the university; the requests asks for specific additional items that UH wants the state to consider for inclusion in the executive budget proposal for the upcoming legislative session.

These items were approved by the board and submitted to the Legislature last session, however, these items were not approved with the budget so they were available as priority items for administration to consider. The university wanted to demonstrate fiscal conservation and requested campuses keep additional initiatives at a minimum.

The State Department of Budget & Finance issued Executive Memo No. 15-03 restricting 10% of the current appropriation in general funds for discretionary expenditures (non instructional). There are two separate restrictions: a 5% soft restriction open to consideration of the State Finance Director that if state tax revenues improve he may be inclined to release, and a 5% hard restriction that is extremely unlikely to ever have money released. This amounts to approximately $14 million restriction in university general funds, and the university does not expect to receive a good portion of that money for the remainder of this fiscal year. This same practice has been used by previous state finance directors.

There are reasons to be optimistic that overall state tax revenues and the State Department of Taxation preliminary report showed substantial growth in state tax revenues. The university intends to use the fact that the State Council on Revenues raised their Fiscal Year 2016
projection to 6% growth as rationale for the State Finance Director to relax on the appropriation restriction.

Administration made a conscious effort to have the budget submittal be very modest and show a lot of diligence and constraint. The total additional operating budget request up for consideration totals $16.2 million across 11 specific items.

The request for $350,000 and 4 full time equivalent (FTE) positions at the College of Tropical Agriculture and Human Resources (CTAHR) at UHM originated in Act 105, which was passed outside of the budget this past legislative session. Only Fiscal 2016 funding was appropriated, and it is not practical to fund a program and hire personnel on a one year basis. Usually these types of measures get incorporated into the overall base budget at some point, and to address this issue administration wants to include this as part of the university’s request.

The general fund allocation and appropriation for the Office of Research Compliance and the Environmental Health & Safety Office have declined over the years, especially after the fiscal crisis and recession. The Tuition & Fee Special Fund (TFSF) and Research Training & Revolving Fund (RTRF) revenues have been used in order to maintain operations, but these are not sustainable sources of revenues for these programs, and could be considered inappropriate use of these funds in some instances. The $1.4 million request would restore general fund reductions, and return both operations to how they were originally funded.

Administration is requesting consideration of $5 million for the Cancer Research Center to help mitigate overall fiscal needs, acknowledging that the amount is probably not sufficient to meet all fiscal shortfalls, nor is it intended to be a turnaround a solution. The external consultant is working on a business plan to construct a strategy on a go forward basis. This request is a placeholder concept that signifies an order of magnitude to the state for public fund support to help alleviate fiscal needs at the Cancer Research Center. The total amount of fiscal shortfall at the Center is currently estimated at $7.5 to $9.5 million annually. The $5 million request is approximately half of what is needed. It is intended as a starting point, and the difference would be made up through additional reinvestment support from UHM campus or the system, or cost efficiencies and savings from the Center and the John A. Burns School of Medicine (JABSOM). A more formal business plan and forward strategy can be constructed once the formal business plan is received. The final draft of the plan is expected in January 2016, and an earlier review of a preliminary draft of the plan may be available before the end of this calendar year. However, neither of these plans will be received before the deadline for the budget proposal is submitted to the Governor or the Legislature.

Administration is also requesting consideration of $3 million for UHM athletics, and even though UHM requested $5 million, administration felt $3 million was appropriate. The University of Hawai‘i at Hilo (UHH) athletics program is requesting $560,000.

UH West O‘ahu (UHWO) is requesting authorization for 12 positions at $728,000 to address continued growth of the campus. The two temporary faculty positions being converted are in the areas of cybersecurity and food sustainability. The two positions are currently funded by TFSF and this request converts them to permanent, general fund positions.
UHH is requesting authorization for 37 positions and $420,000 to convert externally contracted security services to internal positions, which provides better management capabilities, flexibilities and efficiencies.

The community colleges are requesting $1.25 million to establish a strategically aggregated equipment fund in the Office of the Vice President for Community Colleges to address critical equipment needs throughout the entire community college system.

The Hawai‘i Research & Innovation Initiative is requesting 20 positions at $3.5 million to establish a Strategic Grants Development Office and Center for Commercialization to meet Hawai‘i Innovation Initiative’s (HII) goals.

Dr. Jerris Hedges, Dean of JABSOM and Interim Director of the Cancer Center, spoke in support of the funding request for the Cancer Center, that it an important step to demonstrate the university’s commitment to sustaining the Center and to help the Center support the state through the National Cancer Institute (NCI) designation. He explained that roughly 20 positions are supported through Cigarette Tax revenue, and as a result they are unable to optimize the fringe benefit available to other permanent, general fund positions. The $5 million in general fund support would be equivalent to $7.25 million of support. Expenditures would be reduced by halting some identified recruitments and limiting themselves to those recruitments essential for sustaining the Center at approximately $7 million in deficit spending. This funding is a significant and valuable step forward to a more sustainable Center, and maintaining the P-30 designation, which brings in about $1 million in direct support. There is $2 million in additional direct support from NCI grants that depend upon the designation. Questions were raised regarding the concept of $5 million in general support equating to $7.25 million. It was explained that the fringe costs are all in the State Department of Budget & Finance for legislative budget purposes and are shown as an expenditure on the university’s externally audited financial statements—not as a charge to the university or a particular school—but is not charged to the university through the general fund. The 20 position should be listed in the FTE column next to the Center request.

The committee asked how the partnership between Queen’s Medical Center and the MD Anderson Cancer Network related to and impacted the Cancer Research Center, if at all. Regent Higaki disclosed that he was an employee of Queen’s Medical Center and would be willing to recuse himself if any of the regents were uncomfortable. There were no concerns. Interim Director Hedges responded that Queen’s engaged MD Anderson to develop an affiliation that will help with their quality program around cancer care delivery. MD Anderson is also involved in other research related activities; however, the scope of the engagement is focused on enhancing cancer care delivery throughout the Queen’s Health System. The Queen’s Health System remains a committed member of the Hawai‘i Cancer Consortium that provides support for the Cancer Center collectively with Kuakini Medical Center and Hawai‘i Pacific Health. The Consortium support allows the Center to do clinical trials in a manner that gives greater access to patients across Hawai‘i, but also allows the Center to build translational research that takes concepts developed in the laboratory through epidemiological studies and begin to impact the actual delivery of cancer care. The research element is the piece the Center provides on behalf of Hawai‘i’s citizens, and is complementary to what Consortium members deliver.
Committee members expressed concerned that it would be difficult to defend a $5 million placeholder to the Legislature and Regent Kudo suggested it might be more strategic to use a non-specific $1 placeholder. A $1 placeholder invites dialog with Legislators who share responsibility in the future of the Center as to what monies they would be willing to give the university in the supplemental budget request. There was also concern that any figure was premature given the consultant report is still pending, and being held to whatever level of funding is selected. Committee members pointed out that the prior business plans were not valid, and others noted that they voted for this item at the last meeting because administration promised a preliminary copy of the report by November. Some committee members did not think the board should be taking a position until the preliminary business plan draft was received and there was a better sense regarding the probability of the Center’s survival.

VP Young responded that $5 million signaled an order of magnitude, and while the university may not be able to strongly defend the dollar amount per se, the amount would probably be very significant and $5 million might not be enough. Administration wanted to ensure there is a key source for dialog with the State and Legislature to make sure that if the state is committed to the Center, there is an understanding that the costs are the driving factor why the Center is not more successful.

President Lassner added that he had talked with several legislators regarding this item and approach, and other sources of taxes are being discussion by supporters of the Center and the Legislature. Administration wants to bring this to the full board in two weeks, and in the meantime can see how supporters and individual legislators feel about the $1 vs. $5 million. Administration is confident supporters are comfortable with the $5 million.

Some committee members were concerned that using a $1 placeholder would not give much guidance to the Governor regarding assessing the Center or the budget as a whole, and the commitment of the board to other items. They also felt the $1 placeholder would cause confusion, signal to the Governor the board had no commitment to supporting the Center, conflict with the recommendations of administration and JABSOM, and send the wrong message to the public.

The committee asked what the impact on planning for the future of the Center without the $5 million request. VP Young explained this request structures a proposal for the Governor to consider including in his executive budget request, and they have no idea what the Governor is inclined to put in his request. The $5 million is not hard and fast, and does not answer some of the broader questions everyone is expecting to hear such as what it the ultimate turnaround solution for the Center. It is difficult to get to a justifiable, qualitative number around what supports whatever figure administration decides to include. If $5 million is used, part of the discussion going forward will be how that money will be used and how it fits into the overall sustainability of the Center, and they do not have that. The hope is that the business plan will provide that information and better support the request, which could end up being more or less than $5 million. Using $1 placeholder figure shows the university is committed enough to have a target item to make the request, and signals that the specific dollar amount is unknown and what the long term plan would be. Both strategies have faults, and there is no indication how it will be received at the Legislature. Interim Director Hedges added that there is uncertainty regardless of what is put forward. He prefers a reasonable request of the magnitude they would hope to see, and leverage that for other support from the health systems and other supporters of the Center. The $1 placeholder compromises their ability to leverage their intent. Sustaining
the Center gives great value to the state. In addition to the helping with the operating deficit, this request adds value because the Cigarette Tax revenue being used to fund the 20 positions could be expended for other operational purposes. He added that advocates for the Center are expecting to see a strong statement from the university in order to advance positive legislation on behalf of the Center.

There was general consensus that regardless of what the university or Governor includes in their budget request, it was entirely up to the Legislature whether they want to fund the Center and to what extent. Some regents felt it was time for the state to decide whether it wants to fund requests for the Center and Athletics.

Committee Chair Sullivan asked what the reserve level is for the Center. VP Young responded the Center has approximately $20 million of reserves, which at their current static operational levels would sustain them for the next two years.

Dave Matlin, UHM Athletics Director, commented on the UH Mānoa athletics funding request. He explained that one of Hawai‘i greatest strengths was its geography, but it was also one of the greatest challenges. The November Deep Dive on Athletics will cover many topics, including the unique cost differential having a Division I program in Hawai‘i equal to $5.2 million that covers guarantees, travel subsidies, higher scholarship costs, etc. Everyone always asks what the department’s current deficit, which is a fair and relevant question and an area they need to improve on as they steward their limited resources. He suggested a better question was how the state would look in the absence of UH Athletics. A 2014 economic impact study showed that the athletics program brought in $7 million in tax revenues, $66 million in spending, and $3 million in tuition payments from non-scholarship athletes. However, the real value is that UH Athletics is Hawai‘i’s team and there is extensive brand recognition across the country. There is great economic impact to promoting your brand across the country (e.g., Ohio State and Wisconsin games) with stories in the newspaper every week, and that translates into increased applications and fundraising. There is also leadership development. Something difficult to quantify are the aspirational benefits for the youth of Hawai‘i to compete at the highest level. Their initial request was for $5 million which breaks down as follows: The mid-majors spend an average of $650,000 on guarantees and UH is at $2.44 million, UH spends $3.4 million on travel cost differentials compared to $2.5 million for the mid-majors. Cost of attendance is a new budget item that is being included, which costs about $1.2 million. There is other National Collegiate Athletic Association (NCAA) legislation on supplemental meals, which costs UH about $500,000. Recruiting costs are higher than peers based on Hawai‘i’s geography and new legislation that allows parents to be travel on recruiting trip.

Regent Portnoy commented that the reality is the $3 million is the bare minimum to assist in the survival of Division I sports for the University of Hawai‘i. A year ago, $3 million was something both administration and the board supported with the Legislature, but did not receive an appropriation. The $3 million now is worth less than it was a year ago due to external factors beyond the control of UH. He noted that Boise State is in the same conference as UH and competes for the same athletes, and Boise State has committed to cost of attendance in excess of $5,000 per athlete. UH is struggling to come up with cost of attendance of $1,000 per athlete. Add to that the cost of attending a university in Boise vs. Honolulu (e.g., athlete, parent and team travel) and expenses that UH has that its peers do not (e.g., travel subsidies). If the state is committed to the survival of Division I athletics, and looking at the reality of what is occurring at the NCAA, specifically the recent Ninth Circuit appeals court ruling on the O’Bannon case.
The case is a short term victory for the NCAA based on a lawyer miscalculation on not including a particular expert report, which will not happen in the subsequent Kessler case. His opinion is that there will not only be cost of attendance in the next 24 months, but an additional stipend available to students. The O'Bannon case disposed of the $5,000 stipend, but found the NCAA was subject to antitrust restrictions and can longer argue it can control what universities offer students. He indicated that AD Matlin had sought private funding and yesterday raised $65,000 from former regents. He asked committee members to get strongly behind this request and urge the Legislature to accept the fact that there is a statewide sports program (UHM and UHH) and they need to try to be competitive with peers in the two conferences, and need assistance in doing so. He strongly suggested ratifying the bare minimum $3 million request, which would be a tremendous step towards allowing UH and UHH to continue to be competitive in the leagues they compete in.

AD Matlin commented that they are trying to forecast how they see the landscape changing. They are asking for $5 million for the next two years, but there are other initiatives they are pursuing (e.g., increase fundraising efforts, new entrepreneurial programs), and the $1 million gift from the Waterhouse Charitable Trust was part of that. They are not going for the handout, they are looking for partnerships to better themselves.

VP Syrmos commented on the HII request. He explained that the $1.4 million request would help advance the HII agenda. The 10 faculty positions are tied to the $50 million National Science Foundation grant that was submitted last August, and would help leverage the faculty members they are going to hire using the NSF grant, so the 10 would become 20. Faculty would be in the area of water, energy, and sustainability in general. They are also looking at including faculty in the area of cybersecurity, which has become a big business for UH. The 10 positions are for all 10 campuses across the system. He indicated it has become clear that UH needs to restructure how it does business not only for the Office of Technology Transfer but also how faculty and students are engaged with respect to innovation. They are looking at restructuring the Office of Technology Transfer & Economic Development (OTTED) and innovation portfolio into the Center for Commercialization. The Center will include OTTED, an office to run all Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) grants from faculty, and include all entrepreneurship accelerators, thereby putting all activities under that portfolio. To increase extramural funding, they need to promote/reward faculty here and hire more successful faculty in the areas UH wants, and make sure faculty has the administrative, physical, and grant writing infrastructure to be successful. They are looking at creating a Strategic Grants Development Office, and are requesting 3 program officer positions to hire people to work across all campuses. They intend to leverage the work of the community colleges and UHM to ensure a more creative and collaborative structure.

The committee inquired regarding the organization structure of the Center for Commercialization and the Strategic Grants Development Office and the VC for Research at UHM. VP Syrmos responded that both the Center and the Office were at the system level, so they could service all 10 campuses. He did not think any duties of the VC for Research at UHM were duplicated, but there has not been any discussion about UHM creating a grant development office.

The committee asked if all 10 campuses had contract security services, employees, or a mix. VP Young said there was a tendency for there to be a mix. UHM has campus security, but
the Cancer Center and JABSOM have contracted security personnel. The same would be true for the community colleges. The committee pointed out the request resulted in a 42% increase in direct costs and asked what the university gains by bringing these services in house. VP Young said there were legal issues surrounding contracting private services for work that has historically and customarily done by civil servants. This issue not only applies to all 10 campuses, but for the entire state government as well in terms of security, janitorial and other services. President Lassner indicated it was easier if there is not a 24/7 requirement, which is harder to do with employees than contracting out. VP Morton added that the community colleges brought all security in house last year except for the overnight shift. The outside contract costs have been rapidly rising because of the change in required certification that the state implemented for security guards, and with the savings on fringe benefit bringing the services in house saved money on their operating budgets excluding fringe benefits.

Committee Chair Sullivan explained that for efficiency purposes this was a joint committee meeting, but only members of the Budget & Finance Committee members could vote on the Additional General Fund Operating Proposal and make the recommendation to the board.

Regent Matayoshi moved to recommend approval of the additional general fund operating proposal for Fiscal Year 17, with the amendment of a $1 placeholder for the Cancer Center, Regent McEnerney seconded the motion.

Board Chair Moore explained that if the motion was approved it would normally go to the board as a consent agenda item, but any regent could request an item be removed from the consent agenda and discussed.

Regent Acoba noted he had made a prior disclosure regarding the fact that his son is a practicing oncologist and part-time researcher at the Cancer Center. He did not see a direct impact on his son’s position, and unless the other regents objected he would be voting on the issue. There were no objections.

Regent Acoba commented that the $1 amendment should be separate from the motion. Committee Chair Sullivan explained that in the past administration provides a recommendation and board members are free to make any motion they want. Out of due respect to Regent Acoba’s request, and with no objections from committee members, Committee Chair Sullivan tabled the motion.

Regent Matayoshi moved to recommend approval the supplemental budget additional general fund operating request with all items except the Cancer Research Center as proposed by administration, Regent Wilson seconded the motion, and the motion passed unanimously.

Regent Matayoshi moved to recommend approval of amending the administration’s request for the Cancer Research Center to be $1, Regent McEnerney seconded the motion. Regents McEnerney, Sullivan, Matayoshi and Higaki voted yes, and Regents Mizuno, Moore, Putnam and Acoba voted no. The motion failed to pass. In light of the split vote, Committee Chair Sullivan recommended the item be placed on the full board agenda and the committee members concurred.

2. Capital Improvement Project (CIP) Funding
VP Young continued presenting on the CIP; lump sum CIP; Act 119 (2015) UH CIP details; and calendar going forward. He explained that the CIP request is consistent with how the university approached CIP requests this past legislative session. The university is first and foremost targeted on addressing a significant deferred maintenance (DM) and capital renewal program. The university requests $184.9 million in capital funding with general obligation bond funding. This request honors the past approach of lump sum funding to the largest extent possible, with a few projects identified as individual line item requests because of their significance of future funding needs. Systemwide lump sum funding primarily targets capital renewal and deferred maintenance (CRDM) needs across the system, the majority of which is at UHM. Also included is a lump sum funding approach for the community colleges for minor CIP projects throughout the community college system. The $38.8 million for the construction of the Creative Media Facility at UHWO is specified because it is the single, largest CIP request around a specific project in the university’s request. The $2.5 million for design of the existing Snyder Hall renovation, and the $2.0 million for design of the Dean Hall renovation, are being identified for specific line item funding because administration believes these two projects will come online for vertical construction within the next biennium and in each of them will be significant capital requests. The $300,000 for two additional CIP staff positions is included to address the increased movement of providing better resources around managing capital projects, and one funding mechanism is to have those positions directly funded with the source of funds for their work (i.e., CIP requests). The request for $5.6 million in special fund authorization for JABSOM is a request by the university last year and the money already exists in the special fund for JABSOM. It is the result of interest earned on bonds that were sold back in 2006 when JABSOM was constructed. Interest had accrued, and this is merely a request to the Legislature to authorize its expenditure. This money can only be used at JABSOM for CIP projects because of the nature and source of the revenue was from bond funds, it cannot be used by the state or the Legislature for other purposes.

VP Young indicated that lump sum funding means that the VP of Administration manages a large, aggregated amount of appropriation that can be used for capital projects and is not specific in the Legislature’s budget around specific projects. That approach is being used in the current budget and administration is continuing that approach in this request. The $131.3 million request for systemwide lump sum funding was derived from a survey the Vice President of Administration sent to the various campuses for targeted projects at each individual campus. These projects are largely CRDM and will encompass both design and construction. He provided a breakdown, including minor CIP lump sum funding for 5 projects at the community colleges, which will result in a $1.5 million DM reduction that will be earned through a $10 million expenditure around projects. If the Legislature approves lump sum funding at these levels, it does not necessarily mean the individual projects that were used to aggregate to these levels would be funded at that particular or that the projects would be automatically a go to fund. A separate process is required for the VP of Administration to get approval from the board for specific projects. This approach gives the system the
flexibility to make determinations around priority and more contemporary funding levels for what the individual project costs will be.

Regarding the landscape around this capital project request, the current biennium budget passed by the Legislature includes $640.6 million in general obligation bonds for the current fiscal year for capital projects throughout the state, $92.9 million of which was appropriated to UH. Of the $188.5 million in general obligation bonds for Fiscal Year 2017 for the entire state that the Legislature already appropriated for Fiscal Year 2017, none is appropriated to UH, and this request will fill that part of the overall budget in for Fiscal Year 2017. In total the Legislature appropriated $1.566 billion in all means of financing for CIP throughout the state, and the UH CIP appropriation is solely via general obligation bonds.

Administration needs to submit the UH Supplemental budget proposal to the State Department of Budget & Finance by October 15, 2015, the same day as the full board meeting. Historically, the university has not made the deadline, but things look better for this year. Decisions from the State Department of Budget and Finance will probably be made towards the end of October through the Thanksgiving holiday time period. The Governor must decide on he will include in his budget submittal to the Legislature by December 21, 2015. The Legislature convenes January 20, 2016 and whatever the Governor submits will be in play at that point.

The committee asked for clarification on whether the separate projects under the lump sum request were subject to approval by the board. VP Young responded yes. President Lassner explained that the CIP for this year was approved by the board last month on a project by project basis. Based on what the Legislature does, administration would bring the equivalent of a CIP annual execution plan as they do with the operating budget.

Regent Kudo urged everyone to support CIP budget because it was in line with the current strategy for how the university approaches the Legislature on R&M as a priority of this board. The CIP list contains items that begin the design process of addressing some of the very difficult problems facing the university, particularly the UHM campus, and helps the university start dealing with the huge amount of R&M deficit. He commended staff on the good job of putting together a balanced approach. The strategy has always been not just setting a priority for R&M, but also looking at operations for cost savings and revenue generation. He was glad to hear AD Matlin not just talk about his request for money, but also what the department was doing to raise revenues and minimize costs. Fiscal management is a big issue that partners with R&M. The university needs to show the Legislature and other constituents that it is being fiscally responsible in managing the resources the state gives us.

The committee requested an order of magnitude for the Snyder and Dean Hall renovations. VP Gouveia responded that the estimate is approximately $30 million for each (total of $60 million).
Committee Chair Sullivan explained that members of both the Committee on Budget & Finance and the Committee on Planning & Facilities would be voting in this agenda item, and required a majority of each individual committee.

Regent Wilson moved to recommend approval of the supplemental budget request CIP funding, Regent Yuen seconded the motion.

For the record, Committee Chair Sullivan disclosed that she was assisting her family in working with the UH Foundation on a gift and endowment that would benefit the ACM program at UHWO, which may also involve a specialty equipment purchase that may be housed in the facility. She did not believe was a conflict of interest that would prevent her from voting, and the committee members concurred.

The motion to recommend approval of the supplemental budget request CIP funding passed upon unanimous vote of both committees.

B. Update on Performance Based Funding Methodology Criteria
D. Recommend Approval of Board Policy Amendments Regarding Summer Tuition Rates

Due to time constraints, these two agenda items were deferred until the November committee meetings.

C. Recommend Approval to Hold a Public Hearing Pursuant to Chapter 92, HRS on the University of Hawai‘i at Mānoa Proposal for Parking Fee Increases

Due to time sensitivities, the review of this request to hold a public hearing was waived directly to the board for consideration at its October meeting.

V. ADJOURNMENT

There being no further business, upon motion by Regent Matayoshi and seconded by Regent Mizuno, and with no objections, the meeting was adjourned at 12:28 p.m.

Respectfully submitted,

/S/

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents