

MINUTES

UNIVERSITY OF HAWAI'I BOARD OF REGENTS' MEETING

June 29, 2009

I. CALL TO ORDER

Chair Allan Landon called the meeting to order at 3:00 p.m. on Monday, June 29, 2009, at the No. 1 Capitol District Building, Museum Multipurpose Room, 250 South Hotel Street, Honolulu, HI 96813.

Quorum (13): Chair Allan Landon; Vice Chair Howard Karr; Artemio Baxa; Carl A. Carlson; Michael Dahilig; Ramon de la Peña, Ph.D.; Mark Fukunaga; Chuck Gee; Dennis Hirota, Ph.D.; Eric Martinson; Ronald K. Migita; Teena Rasmussen; and Harvey Tajiri.

Excused (2): James Haynes II and Grant Teichman.

Others in attendance: President David McClain, Ph.D.; Vice President for Academic Planning & Policy Linda Johnsrud, Ph.D.; Vice President for Budget & Finance/Chief Financial Officer Howard Todo; Vice President for Community Colleges John Morton, Ph.D.; Vice President for Legal Affairs and University General Counsel Darolyn Lendio, Esq.; Vice President for Information Technology Services/Chief Information Officer David Lassner, Ph.D.; Associate Vice President for Capital Improvements Brian Minaai; Associate Vice President for Student Affairs Karen Lee; Associate Vice President for External Affairs/University Relations Carolyn Tanaka; Interim Executive Administrator and Secretary of the Board Presley Pang, Esq.; and others as noted.

II. APPROVAL OF MINUTES

Upon motion by Regent Dahilig and second by Regent Gee, the minutes of meetings of May 29, 2009, as continued to June 4, 2009, and the meeting of June 10, 2009 were unanimously approved, with minor corrections requested by Vice Chair Karr, and with Chair Landon's clarifications to the presidential selection process discussed during the public testimony portion of the May 29, 2009 meeting.

III. PUBLIC COMMENT PERIOD

Secretary Pang reported that the following written testimonies were received by the Board office:

In support of the proposed amendment to BOR policy on nondiscrimination and affirmative action:

1. Philip Hoku Akiu, on behalf of the Commission on the Status of LGBTI (Lesbian, Gay, Bisexual, Transgender and Intersex) Equality.
2. Camaron Miyamoto, Coordinator, UH Mānoa LGBT Student Services.
3. Livia Wang, Acting Chief Counsel, and Bill Hoshijo, Executive Director, Hawai'i Civil Rights Commission
4. Kiyoshi Ikeda, Convener, UH Mānoa Commission on Diversity.

In support of the approval of the Puko'a Council Charter:

1. Melody MacKenzie, on behalf of the Puko'a Council.
2. Keali'i'olu'olu Gora, on behalf of the Puko'a Council.
3. Office of Hawaiian Affairs

The following individuals testified orally at the meeting:

1. Camaron Miyamoto, in support of the amendment to BOR policy on nondiscrimination and affirmative action.
2. Jim Shon, in support of the Memorandum of Agreement with the University Lab School.
3. Douglas Doj, in support of the Memorandum of Agreement with the University Lab School
4. Richard Thomason, in support of the Memorandum of Agreement with the University Lab School
5. Melody MacKenzie, in support of the Puko'a Council charter.

In response to Regent Gee's question as to how the Council's target constituency is determined, Ms. MacKenzie said that each campus council determines its representatives to the executive council, which is administered by Keali'i Gora.

In response to an inquiry from Regent Rasmussen, Ms. MacKenzie confirmed that membership is open to non-Hawaiians, and to anyone who supports the mission, values, goals, and code of conduct of the Puko'a Council charter.

Regent Tajiri questioned the use of “all” in the phrase “all facets of the University,” saying that in the future, that word can be interpreted as a requirement. Ms. MacKenzie responded that any change would have to be taken back to the Council for review. She clarified that the charter lays the burden on the Council rather than on the University administration to promote access to Native Hawaiians in all facets of the University.

6. Livia Wang, in support of the amendment to BOR policy on nondiscrimination and affirmative action.
7. Philip Akiu, in support of the amendment to BOR policy on nondiscrimination and affirmative action.
8. Keali'i'olu'olu Gora, in support of the Puko'a Council charter.

Chair Landon also reported that he received the following letters from:

1. Barry Taniguchi, Chair of the Mauna Kea Management Board, thanking the Board for its support of the Mauna Kea Comprehensive Management Plan.
2. Kathryn Matayoshi, Executive Director, Hawai'i Business Roundtable, in support of the Thirty-Meter Telescope Project and the Mauna Kea Comprehensive Management Plan.
3. Walter A. Dods, Chairman of the Board of Hawaiian Telcom, in support of maintaining faculty size in the Myron B. Thompson School of Social Work at UH Mānoa.
4. Patti Lyons, Board of Directors, Consuelo Foundation, in support of maintaining faculty size in the Myron B. Thompson School of Social Work at UH Mānoa.

All of the above documents are on file in the Board office.

IV. REPORT OF THE PRESIDENT

President McClain began his report by expressing -- on behalf of his colleagues in the administration, the faculty and staff, and the tens of thousands of students attending UH -- their collective appreciation for their service to the University to Regents Al Landon and Ron Migita, whose terms on the Board conclude June 30.

The President reported that he had been advised by the Governor's office that incumbent Nelson Befitel has been designated for a four-year term on the Regents Candidate Advisory Council, starting July 1, 2009.

Karen Lee, Associate Vice President for Student Services, was honored by Pacific Business News at its annual “Forty Under 40” event, spotlighting leading young executives in our community.

The President reported that HB 1174 CD1 was signed into law on June 18 by the Governor as Act 132 (09). The Act, one of UH’s legislative priorities for the 2009 session, authorizes the University of Hawai’i to adopt rules and assess fines to regulate commercial and public activity on lands it leases and controls atop Mauna Kea in order to protect important cultural and natural resources.

The President updated his report on enrollment growth across the system. The latest registrations data, as of June 26, indicate a 23% increase in community colleges enrollment, 15% at UH West O’ahu, and 11% at UH Hilo, with a fractional increase at UH Mānoa. Overall, UH System registration are up 15%, putting UH on a path to have more than 60,000 students in fall 2010.

The President reported that as of June 26 Vice President for Research Jim Gaines has advised him that in FY 09 more than 2,048 research and training grants worth \$407 million have been received. By June 30, the total is estimated to increase to nearly \$413 million, an increase of nearly 20% over FY 08 levels. This indicator is one of the University’s 10 strategic outcomes we’re tracking through 2015, and is well ahead of the scheduled progress.

The President reported that UH Foundation President Donna Vuchinich has advised him that she expects the Centennial Campaign will conclude on June 30 with almost \$280 million raised, more than 10% above the campaign goal of \$250 million.

The Senate and House Higher Education Committees will hold a joint hearing on June 30 concerning the University’s response to the budget restrictions imposed by Governor Lingle on June 1. The President will have further details during the agenda item on this subject later in the meeting.

The President highlighted two recent developments in the University’s Sustainability Matters initiative. A documentary short film produced by the Sustainable Living Institute of Maui (SLIM) and Maui Community College, premiered during the Maui Film Festival on Saturday, June 20. *Sustainable Living 101: Looking to Maui’s Past to Inform a Sustainable Future* was made possible by a grant from the Hawai’i Community Foundation’s Pikake Fund. A new mixed recycling program at UH Hilo that will begin on July 1 is expected to divert 132,000 cubic yards of waste away from the county landfill over the next year, more than doubling the campus’s total through the existing sorted recycling program.

The President concluded his report by acknowledging Ira Rohter, Professor of Political Science at UH Mānoa and a pathbreaking advocate for sustainable development, who died unexpectedly recently. In 1992, Professor Rohter published, *A Green Hawai’i: Sourcebook for Development Alternatives* and helped found the Hawai’i Green Party, of which he served as a co-chair for many years.

EXECUTIVE SESSION

At 3:50 p.m., upon motion by Regent Rasmussen and second by Regent de la Peña, the Board unanimously approved moving into Executive Session to discuss personnel actions, legal and real estate matters, and collective bargaining, pursuant to HRS §92-5(a)(2), (3), (4).

The Board reconvened in public session at 6:06 p.m.

V. ITEMS FOR BOARD ACTION

Review of UH Laboratory School Memorandum of Agreement

Upon motion by Regent Rasmussen and second by Regent Gee, Regents Landon and Karr were authorized to sign the Memorandum of Agreement transferring UH Laboratory School employees to the Hawai'i State Teachers' Association and the HGEA unions, as appropriate.

Approval of Essential Business Terms for the Thirty-Meter Telescope

Upon motion by Regent Karr and second by Regent Martinson, the essential business terms for the Thirty-Meter Telescope as specified in a document circulated for discussion during executive session (on file) were unanimously approved. Chair Landon was authorized to sign the term sheet on behalf of the University.

Approval to Amend BOR Policy, Chapter 1-5 on Nondiscrimination and Affirmative Action, to Include "Gender Identity and Expression" and Technical Changes

Upon motion by Regent Dahilig and second by Regent Rasmussen, the Board unanimously approved amending Chapter 1-5 of the BOR Policy on nondiscrimination and affirmative action to prohibit discrimination based on a person's "gender identity and expression" and to make other technical changes to terminology to conform to federal guidelines.

Update of the FY 2010-2011 Biennium Budget Decisions

The President read into the record the following text taken from his testimony to be delivered to the Legislature on June 30:

In my June 10 remarks to the Board I stated that we estimated the Governor's restrictions to amount to some \$50 million per year in FY 10 and FY 11, and went on to note that this restriction comes in addition to a \$46 million

per year reduction in the University's general funds budget approved by the 2009 Legislature, which is to be offset by an infusion of \$22 million per year in federal stimulus funds, for a net reduction of \$24 million per year. Thus taking the Governor's restriction and the Legislature's action together, UH expects to have a general funds budget in FY 10 and FY 11 some \$75 million less than current levels.

Let me be clear that since last fall we have planned for the \$24 million annual general funds reduction received from the Legislature, intending to respond with a mixture of financing using funds from other sources, and some modest programmatic adjustments. (The Board of Regents budget approved last fall anticipated reductions between \$13 million and \$31 million.)

Further, because at times during the Legislature's deliberations it looked as if that general funds reduction might grow to as much as \$50 million, we've made some preparations, particularly on the Mānoa campus, for further adjustments needed to reach that higher target. These additional adjustments, and any further programmatic actions required to meet the budget reduction targets, will be most difficult to implement, representing as they must a roll-back of the increased educational services we've provided to our students since 2004.

On June 15 we received formal notification of the amount of the Governor's restriction of our general funds budget. It will be \$52.1 million in FY 10, and \$54.7 million in FY 11, bringing our overall general funds reduction to \$98 million in FY 10 and \$100 million in FY 11. This reduction amounts to more than 20% of UH's general funds allocation, net of pass-through amounts for fringe benefits, interest payments and the like. After the anticipated injection of \$22 million in Federal stimulus funds, our net reduction for the next two fiscal years would be \$76 million and \$78 million.

As expected, several unions have now taken legal action to prevent the Governor from implementing furloughs, and have sought various forms of relief. In turn, the Governor has presented more details of her furlough plans, and collective bargaining discussions have been proceeding under the auspices of a Federal mediator.

Though the situation remains fluid, we have made progress in crafting our response to the new and larger budget restriction. As we do so we are guided by the strategic plan reaffirmed by the Board during our centennial year of 2007-2008, and by the 10 strategic outcomes and performance measures approved by the Board at that time, which were purposively determined to meet the current needs of the state of Hawai'i for education and innovation (see <http://www.hawaii.edu/ovppp/uhplan/>).

I affirmed to our Board on June 10 that salary reductions for administrative executives will be part of the University's multifaceted plan. While we do not have a "rainy-day" fund as such at UH, we do have continuing income flow from non-general-fund sources that we can use to some extent to address this new, higher level of budget restriction.

We intend to continue to increase the efficiency and flexibility of our operations further through improved energy efficiency, enhanced academic articulation, greater scheduling efficiency and improved administrative practices. Some of these gains in efficiency to achieve long-term operational cost savings may require up-front investments, to which we remain fully committed.

We can also make further programmatic adjustments as necessary, but as I've noted above not without impact on the students we serve.

One idea that surfaced in several of my conversations with members of our UH ohana was the institution of an early retirement program; while I currently believe this would require action at the State level, it's a concept I support if properly designed.

For the past several years, attrition of our workforce has occurred at a fairly constant rate of 6%-7%, or about 650 employees per year, with 150 of those separations being retirements (about 60 faculty per year, 90 staff). These data on separations do not include the hiring and termination of lecturers.

Excluding fringe benefits, these separations represent perhaps as much as \$40 million in payroll costs. To the extent that we do not replace those separating, we can achieve some cost savings there. (Of course, with enrollment surging 15% this year after a 6% rise last year, some replacements will be necessary to maintain access with quality.)

Finally, of course, there are increased funding opportunities for both our students and our scholars that will help mitigate and offset these State general funds budget restrictions. The American Recovery and Reinvestment Act (ARRA), aka Federal stimulus funds, will provide students in Hawai'i with \$52 million in Pell grant funds, \$17 million more than last year, and will provide our researchers with increased grant opportunities via enlarged budgets at such Federal agencies as the National Science Foundation, the National Institutes of Health, the Department of Homeland Security and the Department of Energy.

As you can tell from this review of our options, the final package will likely involve several initiatives, not just one approach, and it's clear that some actions can bear fruit in FY 10, while others won't have an effect until FY 11.

Meanwhile, as you know, collective bargaining discussions continue, and the outcome of these will also influence the university's ultimate response, as will the prospect of further actions by the courts defining the legality of implementing furloughs, by the Governor, and by the Legislature.

Because of these prospective actions, and because of the dramatic growth we expect in the number of students we serve, it's important that the University respond in a timely but measured fashion, and that we use the financial flexibility afforded by our multiple sources of funds. At the same time, I want to stress that this budget restriction is three times greater than the one we were prepared to address when the Legislature concluded its work in early

May, so we will have to take some actions in the relatively near future, as the fiscal year begins. To the extent that our actions require Board of Regents review or approval, these matters will be on the BOR's agenda on July 23.

Approval of the Puko'a Council Charter

Upon motion by Regent Gee and second by Regent Carlson, the Puko'a Council Charter was unanimously approved.

Report of the Board Task Group on Regent Development

Regent Carlson read a report of the Task Group on Regent Development which recommended Howard Karr for the office of Board Chair, and Dennis Hirota for the office Board Vice Chair. A copy of the report is on file at the Board office. The Board will deliberate on this report at its next meeting scheduled for July 23, 2009, accept this report with amendments as may be necessary, and elect officers accordingly.

VI. ANNOUNCEMENTS

The next meeting will be held on July 23, 2009, at UH Mānoa.

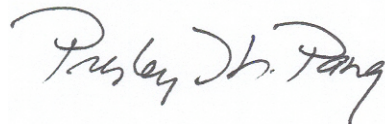
The following meeting is scheduled for August 27, 2009.

Regent Hirota was designated to serve as the Regents' representative on the University management bargaining team, joining Vice Chair Karr, to replace Chair Landon, effective July 1, 2009.

VII. ADJOURNMENT

Upon motion by Regent Dahilig and second by Regent de la Peña, the meeting was unanimously adjourned at 6:15 p.m.

Respectfully Submitted,



Presley W. Pang, Esq.
Interim Executive Administrator
and Secretary of the Board