

**Subject:** Budget Reductions**From:** John Morton <jmorton@hawaii.edu>**Date:** Thu, 02 Oct 2008 08:35:40 -1000**To:** CC Chancellors <cc-chanc-l@HAWAII.EDU>, ccdois-l@HAWAII.EDU, ccdoas-l@HAWAII.EDU, ccdoas-l@HAWAII.EDU, "ccfsc-l@hawaii.edu" <ccfsc-l@HAWAII.EDU>**CC:** Howard Todo <htodo@hawaii.edu>, David S McClain <mclain@hawaii.edu>

In light of Hawaii's economic slowdown and decline in State revenues, the Governor has requested all State departments to develop and submit budget reductions for FY2010 and FY2011. The Governor has asked the University to plan for three scenarios with reductions of approximately \$13.5M, \$22.0M, and \$30.1M.

While the University has not yet allocated these cuts to the campuses, the time to make decisions is likely to be very short. I am therefore issuing the following instructions that you should use in your preliminary planning for these cuts.

- 1) You must include a reduction in electricity and other utility costs. These savings could come from power purchase agreements, conservation methods, or other savings strategies.
- 2) You may not reduce the budget in areas identified as important strategic outcomes, including
  - a) Native Hawaiian student success
  - b) remedial/developmental education
  - c) workforce shortage areas, including STEM
- 3) You may not reduce repair and maintenance or equipment budgets
- 4) You may not cost shift from general funds to tuition and fees except as a short term measure to achieve the general fund reduction.
- 5) You must fully fund all general fund positions. If necessary, vacant position counts should be used to convert temporary general funded positions from unbudgeted to budgeted. The only exceptions are short-term unbudgeted temporary positions such as 40% IER positions.
- 6) New tuition and fee revenues should be used to fund the operational items identified in the repair and renewal category of the proposed biennium budget.

We anticipate that our share of the reduction will be in the 25% to 28% of the total and that the Board of Regents will act on at least the first tier of budget reductions at its October 23 meeting.

We will inform you of your campus share as soon as we have more information.

john

We anticipate that

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