



---

**UNIVERSITY OF HAWAII**OFFICE OF VICE PRESIDENT FOR COMMUNITY COLLEGES  
MEMORANDUM

July 8, 2008

TO: CHANCELLORS Peggy Cha Manuel Cabral  
Rockne Freitas Leon Richards  
Angela Meixell Clyde Sakamoto  
Michael Rota (Interim)

SUBJECT: **FY 2009 General Fund Budget Reductions and Restrictions**

**FY 2009 Budget Reductions - \$1,373,087**

As you are aware, the Legislature imposed a \$4,546,087 general fund "discretionary" budget reduction for the University, reflected under the University of Hawaii Systemwide Support program (UOH 900). The President distributed the budget reduction to the campuses based on the proportion of new FY 2009 general funds and new tuition funds expected to be realized in this fiscal year (President's 6/24/08 memo attached). The Community Colleges' portion of the FY 2009 budget reduction has been set at \$1,373,087.

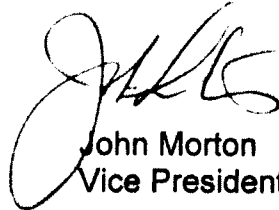
In distributing the budget reduction to the community college campuses, we have decided to use the \$820,000 of new equipment funding appropriated under the Community College Systemwide Support program to lessen the impact to the campus budgets. The remaining \$553,087 has been distributed consistent with the methodology used by the President, based on the proportion of new FY 2009 general funds and new tuition funds expected to be realized at each campus. The calculations for the individual campus budget reductions are reflected in Attachment A.

**FY 2009 Budget Restrictions - \$1,019,547**

The Governor also imposed FY 2009 general fund budget restrictions in the amount of \$3,954,054 on the University. The President distributed the budget restriction to the campuses based on the proportion of total general funds and tuition and fee revenue method (President's 7/1/08 memo attached). The Community Colleges' portion of the FY 2009 budget restriction has been set at \$1,019,547. Again to lessen the impact on campus budgets, we are contemplating restricting \$500,000 of the \$2,273,625 Enrollment Growth funding, leaving \$519,547 to be distributed among the campuses.

At this point, we are still gathering information to equitably distribute the restrictions to the campuses. These distributions will be communicated to you in the near future.

Please call Michael Unebasami at 956-6280 or Michael Yoshimura at 956-5148 if you have any questions on the FY 2009 allocations.



John Morton  
Vice President for Community Colleges

#### Attachments

- c Associate Vice President Michael Unebasami  
Vice Chancellors/Directors of Administrative Services  
Director Michael Yoshimura



UNIVERSITY  
of HAWAII  
SYSTEM

David McClain  
President

June 24, 2008

MEMORANDUM

TO: Chancellor Virginia Hinshaw  
Chancellor Rose Tseng  
Chancellor Gene Awakuni  
Vice President John Morton

FROM: David McClain  
President

A handwritten signature in cursive script that reads 'David McClain'.

SUBJECT: Reduction in New Operating Funds Provided in Supplemental Budget

As you know, the University requested nearly \$31 million in new operating budget general funds in the 2008-2009 Supplemental Budget. Excluding collective bargaining funds appropriated, the 2008 Legislature approved \$7 million in new program funding, but also imposed a reduction of \$4.5 million (after campuses declined to volunteer existing programs that they would trade off for requested new programs).

In addition, the 2007 Legislature approved in the Biennium Budget nearly \$11 million of new general funds in the FY 2008-2009 operating budget, in addition to the amounts appropriated for the first year of the biennium that continue into the second year.

Finally, an increase in tuition revenues of nearly \$19 million is forecast for FY 2008-2009, based solely on the third year of the six-year tuition schedule that went into effect in the fall of 2006.

Thus we expect a total of nearly \$37 million in new operating funds from general fund and tuition fund sources in FY 2008-2009.

I have talked with the Council of Chancellors and several other systemwide groups about how to address the required \$4.5 million reduction. Based on those discussions, I have determined that the reduction should be shared across the units of the System in proportion to the incremental new resources at campuses' disposal – that is, in proportion to new FY 2008-2009 general funds plus new tuition funds expected to be realized in the next fiscal year. The attached spreadsheet contains the calculations.

The Small Business Development Center (SBDC) will bear no reduction, as it received neither new general funds nor new tuition funds in FY 2008-2009. Because of their small size, neither Aquaria nor UH West O'ahu will bear any reduction; their shares will be absorbed by the UH System. The Community College System will also be giving special consideration to its smaller campuses.

Chancellors retain the discretion to fund all their 2008-2009 operations, including new programs proposed to the Legislature in the Board of Regents-approved budget, from the full spectrum of resources at their disposal.

Attachment

c: Vice President Johnsrud  
Vice President Todo

2444 Dole Street, Bachman Hall  
Honolulu, Hawaii 96822  
Telephone: (808) 956-8207  
Fax: (808) 956-5286

An Equal Opportunity/Affirmative Action Institution

UNIVERSITY OF HAWAII  
LEGISLATIVE REDUCTIONS  
FY 2008 - 2009

	3 (2-1)	6 (5-4)	7 (6-3)	10 (9-8)	11 (7+10)	12	13 (11+12)		Date: 06/06/08
MAJOR UNIT	TOTAL FY 2007-08 BI INCREASE	TOTAL FY 2008-09 BI INCREASE	DIFFERENCE FY 08 & 09 INCREASES	HB 2500 SUPPLEMENTAL INCREASE FY 2008-09	TOTAL BI & SUPPLEMENTAL INCREASE	PROJECTED FY 2008-09 TFSF INCREASE*	TOTAL GENERAL & SPECIAL FUND INCREASE	V %	FY 2008-09 REDUCTION DISTRIBUTION
UOH 100, Manoa	10,737,673	13,888,619	3,150,946	3,239,900	6,390,846	13,369,875	19,760,721	53.93%	(2,451,697)
UOH 210, Hilo	2,308,018	3,719,992	1,411,974	547,558	1,959,532	2,054,101	4,013,633	10.95%	(497,968)
UOH 220, SBDC	356,000	356,000	0	0	0	0	0	0.00%	0
UOH 700, West Oahu	1,033,158	1,721,718	688,560	72,050	760,610	273,410	1,034,020	2.82%	(128,290)
UOH 800, Community Colleges	6,372,095	11,400,480	5,028,385	2,968,013	7,996,398	3,070,710	11,067,108	30.20%	(1,373,087)
UOH 881, Aquaria	0	0	0	85,000	85,000	0	85,000	0.23%	(10,546)
UOH 900, Systemwide Programs	5,633,139	6,192,954	559,815	121,250	681,065	0	681,065	1.86%	(84,499)
Regents Candidate Advisory Council				114,500					
<b>TOTAL UH</b>	<b>26,440,083</b>	<b>37,279,763</b>	<b>10,839,680</b>	<b>7,148,271</b>	<b>17,873,451</b>	<b>18,768,096</b>	<b>36,641,547</b>	<b>100.00%</b>	<b>(4,546,087)</b>

Prepared by UH Budget Office

Biennium 2007-08 & 2008-09 appropriations adjusted for transfer of Academic Program Officer from UH CC to UH Syswd Programs  
Academic Program Officer \$75,384

Supplemental 2008-09 appropriations adjusted for transfer of Quentin Burdick Training Program from UH Hilo to UH Manoa, the transfer of OHR funds from UH Syswd Programs to UH Manoa and the \$4.5M Legislative reduction in UH Syswd Programs

Quentin Burdick \$200,000  
OHR funds 184,034  
Legis Reduc (4,546,087)

\* Projected FY 2008-09 TFSF Increase Assumptions:

Enrollment equal to Fall 2007 enrollment  
Fees equal to 2007-08 except Professional Fees for Manoa and Hilo which increase relative to Tuitions  
Tuition scholarships based on percentage of 2007-08 scholarships to total tuition and fees



UNIVERSITY  
of HAWAII  
SYSTEM

David McClain  
President

July 1, 2008

MEMORANDUM

TO: Chancellor Virginia Hinshaw  
Chancellor Rose Tseng  
Chancellor Gene Awakuni  
Vice President John Morton

FROM: David McClain  
President

A handwritten signature in black ink that reads "David McClain".

SUBJECT: Implementation of the Governor's Base Budget Restriction

On June 23, Governor Lingle directed that all departments of the State of Hawai'i government absorb a 4% restriction in their general funds budget. The calculated amount for the University of Hawai'i is \$3.9 million.

This is a restriction in our base budget, and thus is different in character from the 4% reduction imposed by the Legislature as part of its approval of new funds for fiscal 2009 in the Supplemental Budget. In that case you will recall we absorbed the reduction by reference to new fiscal 2009 funds campuses could expect from the Legislature's Supplemental Budget action, from general funds increases appropriated for the second year of the biennium over and above first year levels, and by new tuition funds anticipated.

As this restriction is in our base funding, not in new funding, we will absorb the restriction by referencing campuses' base levels of general funds and tuition funds already in place for 2009, the same basis we use for assessing campuses for their \$2 million contribution to the annual \$3 million payment to the University of Hawai'i Foundation (you'll recall that the UH System pays the other \$1 million). The calculations are attached.

As with the Legislative reduction, Aquaria, the Small Business Development Corporation and UH West Oahu will absorb no restrictions, reflecting their small size; rather the UH System will handle their restrictions. The Community College System will similarly endeavor to mitigate the effect of this \$3.9 million restriction on its smaller campuses.

Attachment

c: Vice President Linda Johnsrud  
Vice President Howard Todo

2444 Dole Street, Bachman Hall  
Honolulu, Hawai'i 96822  
Telephone: (808) 956-8207  
Fax: (808) 956-5286

An Equal Opportunity/Affirmative Action Institution

UNIVERSITY OF HAWAII  
LEGISLATIVE REDUCTIONS AND EXECUTIVE RESTRICTIONS  
FY 2008 - 2009

Date: 06/30/08

MAJOR UNIT	ADJUSTED ACT 158, SLH 2008 APPROPRIATIONS*	LESS NON-DISCRETIONARY FUNDS			DISCRETIONARY BEFORE ALLOC. OF LEG. REDUCT.	ALLOCATION OF LEGISLATIVE REDUCTION	PROJECTED TUITION & FEES	ADJUSTED OPERATING FUNDS	V %	GOVERNOR'S RESTRICTION DISTRIBUTION
		TRF. B&F/DAG'S	WC/UC	B+ & WICHE						
UOH 100, Manoa	255,006,574	0	0	0	255,006,574	(2,451,697)	102,731,952	355,286,829	57.87%	(2,288,188)
UOH 210, Hilo	35,636,988	0	0	0	35,636,988	(497,968)	18,878,173	54,017,193	8.80%	(347,892)
UOH 220, SBDC	993,167	0	0	0	993,167	0	0	993,167	0.16%	(6,396)
UOH 700, West Oahu	6,319,148	0	0	0	6,319,148	0	2,264,108	8,583,256	1.40%	(55,280)
UOH 800, Community Colleges	125,510,941	0	0	0	125,510,941	(1,373,087)	34,167,178	158,305,032	25.78%	(1,019,547)
UOH 881, Aquaria	699,753	0	0	0	699,753	0	0	699,753	0.11%	(4,507)
UOH 900, Systemwide Programs	44,255,138	(3,393,038)	(1,466,499)	(3,111,845)	36,283,756	(223,335)	0	36,060,421	5.87%	(232,244)
UOH 915, Debt Service Payments	87,675,081	(87,675,081)	0	0	0	0	0	0	-	-
UOH 941, Retirement Benefits	117,780,217	(117,780,217)	0	0	0	0	0	0	-	-
UOH 943, Health Premium Payments	58,968,768	(58,968,768)	0	0	0	0	0	0	-	-
<b>TOTAL LH</b>	<b>732,845,775</b>	<b>(267,817,104)</b>	<b>(1,466,499)</b>	<b>(3,111,845)</b>	<b>460,450,327</b>	<b>(4,546,087)</b>	<b>158,041,411</b>	<b>613,945,651</b>	<b>100.00%</b>	<b>(3,954,054)</b>

\* UH Systemwide Programs adjusted for \$4.5M legislative reduction

**University of Hawai'i - Community Colleges  
FY 2009 Legislative Budget Reductions**

	UH Total	CC %	CC Share
Legislative Reduction	4,546,087	30.20%	1,373,087

	HON CC	KAP CC	LEE CC	WIN CC	HAW CC	MAU CC	KAU CC	CCSWS	TOTAL
<b>Legislative Reduction - Proration Based on Incremental General Fund &amp; TFSF Revenue for FY 2009 (FY 2008 base)</b>									<b>7/7/2008</b>
FY 2009 General Fund PCR	1,085,791	1,651,819	1,519,907	781,250	1,569,098	1,312,747	928,997	2,550,871	11,400,480
FY 2008 General Fund PCR	457,822	709,976	886,669	535,590	974,280	731,014	473,904	1,602,840	6,372,095
General Fund Increase for FY 2009	627,969	941,843	633,238	245,660	594,818	581,733	455,093	948,031	5,028,385
FY 2009 Supplemental General Fund Appropriation	310,661	208,077	116,000	263,147	358,979	383,047	262,477	1,065,625	2,968,013
<b>Total Incremental General Fund for FY 2009</b>	<b>938,630</b>	<b>1,149,920</b>	<b>749,238</b>	<b>508,807</b>	<b>953,797</b>	<b>964,780</b>	<b>717,570</b>	<b>2,013,656</b>	<b>7,996,398</b>
Incremental TFSF Revenue for FY 2009 (06/12/08 projection)	433,877	1,095,575	833,129	202,993	365,457	628,523	132,927	0	3,692,481
Less: Exclude CCSWS								(2,013,656)	(2,013,656)
<b>Total Adjusted GF Appropriation + TFSF Revenue</b>	<b>1,372,507</b>	<b>2,245,495</b>	<b>1,582,367</b>	<b>711,800</b>	<b>1,319,254</b>	<b>1,593,303</b>	<b>850,497</b>	<b>0</b>	<b>9,675,223</b>
% of Total	0.1418579	0.2320872	0.1635484	0.0735694	0.1363539	0.1646787	0.0879046	0.0000000	1.0000001
<b>Legislative Reduction</b>									
<b>Reduction - Equipment</b>									
<b>Reduction - Prorated</b>	<b>78,460</b>	<b>128,364</b>	<b>90,456</b>	<b>40,690</b>	<b>75,416</b>	<b>91,082</b>	<b>48,619</b>	<b>820,000</b>	<b>820,000</b>
<b>Total</b>	<b>78,460</b>	<b>128,364</b>	<b>90,456</b>	<b>40,690</b>	<b>75,416</b>	<b>91,082</b>	<b>48,619</b>	<b>820,000</b>	<b>1,373,087</b>

University of Hawaii - Community Colleges  
 FY 2009 Executive Budget Restriction

UH Total	CC %	CC Share
3,954,054	25.78%	1,019,547
Executive Restriction		

08/19/08

Executive Restriction - 25% Proration Based on General Fund Appropriation + TFSF Revenue  
 25% Proration Based on Adjusted Cash Balance\* in Excess of 4% Reserve + Working Capital\*\* Less Unrecorded Commitments Due to Special Situations\*\*\*  
 25% Proration Based on Vacancy Savings - Forced Delay Until 01/01/09, Excluding Positions Vacant as of 06/30/06  
 25% Proration Based on Vacancy Savings - Positions Vacant as of 06/30/06, \$500,000 Enrollment Growth Restriction

	HON CC	KAP CC	LEE CC	WIN CC	HAW CC	MAU CC	KAU CC	CCSWS	TOTAL
FY 2009 GF Appropriation (Incl FY 2009 Supplemental appropriation)	23,705,706	23,396,946	19,101,459	10,432,520	15,248,406	15,467,433	10,681,311	7,477,160	125,510,941
FY 2009 TFSF Revenue Projection (06/12/08 projection)	4,630,290	12,337,659	7,558,835	2,109,243	3,448,784	4,408,788	1,337,645	0	35,831,244
Less: Exclude CCSWS								(7,477,160)	(7,477,160)
Total Adjusted GF Appropriation + TFSF Revenue	28,335,996	35,734,605	26,660,294	12,541,763	18,697,190	19,876,221	12,018,956	0	153,865,025
% of Total	0.1841614	0.2322464	0.1732707	0.0815115	0.1215168	0.1291796	0.0781136	0.0000000	1.0000000
Adjusted Cash Balance* in Excess of 4% Reserve + Working Capital**	1,840,310	825,006	1,700,784	79,947	910,448	0	779,506	2,466,239	8,602,240
Less: Unrecorded Commitments Due to Special Situations***	0	(556,537)	0	(47,438)	(332,075)	0	0	(2,283,908)	(3,219,958)
Total	1,840,310	268,469	1,700,784	32,509	578,373	0	779,506	182,331	5,382,282
% of Total	0.3419200	0.0498801	0.3159968	0.0060400	0.1074587	0.0000000	0.1448282	0.0338762	1.0000000
Vacancy Savings - Excluding Positions Vacant as of 06/30/06 (Delay filling to 1/1/09)	123,690	42,452	167,772	97,896	203,053	193,666	77,079	0	905,608
% of Total	0.1365823	0.0468768	0.1852590	0.1080998	0.2242173	0.2138519	0.0851130	0.0000000	1.0000001
Vacancy Savings - Positions Vacant as of 06/30/06 (2 year old vacancies only)	0	24,684	70,464	0	99,856	59,604	231,228	47,545	533,381
% of Total	0.0000000	0.0462784	0.1321082	0.0000000	0.1872133	0.1117475	0.4335138	0.0891389	1.0000001
Executive Restriction									
Restriction - Enrollment Growth									
Restriction - 25% Proration based on GF Appn + TFSF Revenue	23,920	30,166	22,506	10,587	15,783	16,779	10,146	500,000	500,000
25% Proration based on Adj Cash Bal	44,411	6,479	41,044	785	13,957	0	18,811	0	129,887
25% Proration based on Vacancy Savings (Delay filling to 1/1/09)	17,740	6,089	24,063	14,041	29,123	27,777	11,055	4,400	129,887
25% Proration based on Vacancy Savings (2 year old vacancies only)	0	6,011	17,159	0	24,316	14,514	56,307	0	129,888
Total	86,071	48,745	104,772	25,413	83,179	59,070	96,319	515,978	1,019,547
Allocated Restriction	86,071	48,745	104,772	25,413	83,179	59,070	96,319	515,978	1,019,547
Reduced restriction for Leeward CC and Kauai CC			(25,000)				(25,000)	50,000	0
Adjusted Restriction	86,071	48,745	79,772	25,413	83,179	59,070	71,319	565,978	1,019,547

\* Adjusted Cash Balance = Cash Balance less Encumbrances less Deferred Revenue as of June 30 (12th month)  
 \*\* 4% Reserve = 4% x E&E for General fund, TFSF, CCSF, Dormitory SF, Conference Center RF, Student Activities RF, Commercial Enterprises RF, and RTRF as of June 30 (12th month)  
 plus working capital requirements identified by each campus  
 \*\*\* Unrecorded commitments at the end of FY 2008 for special and revolving funds due to special situations.  
 e.g. Commitment for maintenance contract for air conditioning system in student services center. Contract could not be executed by end of fiscal year due to dispute with vendor.  
 For CCSWS commitments are for:  
 Special R&M funds  
 Program improvement funds  
 Rapid Response funds  
 Marketing funds

2,082,149
87,724
90,450
23,585
<b>2,283,908</b>

\*\*\*\* Adjusted for overlap with 2 year old vacancies



**University of Hawai'i - Community Colleges  
FY 2009 Executive Budget Restriction - Additional 2%**

	UH Total	CC %	CC Share
Executive Restriction			509,774

Proration Based on General Fund Appropriation + TFSF Revenue										02/04/09
	HON CC	KAP CC	LEE CC	WIN CC	HAW CC	MAU CC	KAU CC	CCSWS	TOTAL	
FY 2009 GF Appropriation + CB	24,291,329	23,922,460	19,565,624	10,702,857	15,592,097	15,872,495	10,983,982	7,909,774	128,840,618	
Less: FY 09 Legislative Reduction	(78,460)	(128,364)	(90,456)	(40,690)	(75,416)	(91,082)	(48,619)	(820,000)	(1,373,087)	
FY 2009 TFSF Revenue Projection (09/30/08 projection)	4,640,668	12,820,023	7,876,862	2,219,900	3,889,874	4,863,453	1,335,584	0	37,646,364	
Less: CCSWS Campus Funding								(2,273,625)	(2,273,625)	
Enrollment Growth								(254,156)	(254,156)	
Program Improvement Funds								(250,000)	(250,000)	
Rapid Response								(746,085)	(746,085)	
Repairs & Maintenance										
<b>Total Adjusted GF Appropriation + CB + TFSF Revenue</b>	<b>28,853,537</b>	<b>36,614,119</b>	<b>27,352,030</b>	<b>12,882,067</b>	<b>19,406,555</b>	<b>20,644,866</b>	<b>12,270,947</b>	<b>3,565,908</b>	<b>161,590,029</b>	
% of Total	0.178560	0.226586	0.169268	0.079721	0.120097	0.127761	0.075939	0.022068	1.000000	
<b>Additional 2% Restriction - Prorated</b>	<b>91,025</b>	<b>115,508</b>	<b>86,288</b>	<b>40,640</b>	<b>61,222</b>	<b>65,129</b>	<b>38,712</b>	<b>11,250</b>	<b>509,774</b>	
<b>Reduced Restriction for Windward CC &amp; Kauai CC</b>				<b>(15,000)</b>			<b>(15,000)</b>	<b>30,000</b>	<b>0</b>	
<b>Adjusted Restriction</b>	<b>91,025</b>	<b>115,508</b>	<b>86,288</b>	<b>25,640</b>	<b>61,222</b>	<b>65,129</b>	<b>23,712</b>	<b>41,250</b>	<b>509,774</b>	

**University of Hawai'i - Community Colleges  
FY 2009 Executive Budget Restriction - Additional 2%**

	UH Total	CC %	CC Share
Executive Restriction			509,774

Proration Based on General Fund Appropriation + TFSF Revenue										05/22/09
	HON CC	KAP CC	LEE CC	WIN CC	HAW CC	MAU CC	KAU CC	CCSWS	TOTAL	
FY 2009 GF Appropriation + CB	24,291,329	23,922,460	19,565,624	10,702,857	15,592,097	15,872,495	10,983,982	7,909,774	128,840,618	
Less: FY 09 Legislative Reduction	(78,460)	(128,364)	(90,456)	(40,690)	(75,416)	(91,082)	(48,619)	(820,000)	(1,373,087)	
FY 2009 TFSF Revenue Projection (09/30/08 projection)	4,640,668	12,820,023	7,876,862	2,219,900	3,889,874	4,863,453	1,335,584	0	37,646,364	
Enrollment Growth								(2,273,625)	(2,273,625)	
Program Improvement Funds								(254,156)	(254,156)	
Rapid Response								(250,000)	(250,000)	
Repairs & Maintenance								(746,085)	(746,085)	
<b>Total Adjusted GF Appropriation + CB + TFSF Revenue</b>	<b>28,853,537</b>	<b>36,614,119</b>	<b>27,352,030</b>	<b>12,882,067</b>	<b>19,406,555</b>	<b>20,644,866</b>	<b>12,270,947</b>	<b>3,565,908</b>	<b>161,590,029</b>	
% of Total	0.178560	0.226586	0.169268	0.079721	0.120097	0.127761	0.075939	0.022068	1.000000	
<b>Additional 2% Restriction - Prorated</b>	<b>91,025</b>	<b>115,508</b>	<b>86,288</b>	<b>40,640</b>	<b>61,222</b>	<b>65,129</b>	<b>38,712</b>	<b>11,250</b>	<b>509,774</b>	