I begin by thanking the Board of Regents for the opportunity to submit a thorough self-assessment of my first three years as president of the University of Hawai‘i System. In taking a retrospective look at the work of this administration over that time period, it reminds me of how grateful I am to so many people from throughout the system, all of whom played a significant role in shaping the destiny of this university. From our 11,000 faculty and staff members, our 80,000 students, our alumni, the Legislature, the governor, the federal congressional delegation, and most importantly to the taxpaying citizens of Hawai‘i—it is thanks to your efforts and advocacy that I am proud to report that the university is strong and the future is filled with high expectations.

That was not the case when I became president in July 2001. The University of Hawai‘i was literally in a state of crisis with morale among faculty at an all-time low, a powerfully debilitating faculty strike fresh in the minds of all, an accreditation that amounted to institutional probation, a student management system that was prohibitive, a fiscal operating system that was ineffective, and a management structure that was totally unresponsive to the challenges facing the university. Most damaging of all was that nearly everyone had lost hope in an institution that truly had so much potential, which meant that ambition and risk-taking were not prevalent traits found in our faculty, staff and students. Expectations for UH had sunk to dangerously low levels, especially for such a critical enterprise that touches every major aspect of life in Hawai‘i.

It was clear to me from the outset that the most important single thing I could do was to change the culture of expectation. If education is the business of creating opportunity, the currency of educational leadership is hope. Hope is the precondition for success. But to restore hope, the university would have to go through a period of profound change, a process that is neither easy nor smooth.

I saw then, as I still see today, that the daily task of my administration is infusing our faculty, students, and staff with possibility, inspiration, and innovation while, in the process, unlocking ideas that have been held captive for too long. As a leader who believes in the transformational power of administrative clarity and imagination, I challenged the entire community to “think big.” I sought to raise the bar for both expectations and performance, and then to clearly articulate the values, challenges, and ambitions that will guide the University of Hawai‘i into the next decade.

I am excited to report that we now have a guiding vision in our comprehensive Strategic Plan; a long term budget based on the priorities articulated in that plan; an organizational structure that is facilitative rather than top-down; an effective senior management team; a capital improvement program that will provide a new $150 million medical school in fall 2005; the university’s first bond issue (for the medical school), which provided a bond rating beyond anyone’s expectations; a six-year interest-based contract with our faculty that will increase salaries 31 percent and resolve many long standing concerns, including teaching loads at the community colleges; a community based perspective that initiated the P-20 Partnership with the Hawai‘i Department of Education and early childhood educators; an entrepreneurial spirit that helped create a new system-wide film school; an accreditation process that moved UH Manoa from probationary status to a new 10-year approval from WASC; a new $20 million state of the art student information system that is beginning to help students move seamlessly throughout the system; plans for a comprehensive $200 million fundraising campaign; a marketing and public relations program that has effectively brought much deserved national and international recognition to dynamic UH programs; a research enterprise that has grown almost 50 percent in the past two years; an enrollment management initiative that has
seen a 9 percent increase in student enrollment throughout the system; a recognition that Native Hawaiian issues deserve more attention and resources; an athletic program that is ranked in the top 20 nationally by *U.S. News and World Report*; and plans for new campuses in West O‘ahu and West Hawai‘i. While there is so much more to report on, this kind of progress demonstrates that hope and expectations have been successfully restored to the University of Hawai‘i.

**THE UNIVERSITY OF HAWAI‘I, 2001**

In July of 2001, I found a university in need of major change. In order for me to truly understand the obstacles of progress and the potential for success, I engaged a consultant (Linda Campanella) to help Board of Regents and me provide independent analyses in order to evaluate structure and priorities that will strategically position the university. After an exhaustive review of all major aspects of university life, Ms. Campanella presented a document titled “Key Management Issues Facing the New President of the University of Hawai‘i System” in fall 2001 that presented a clear picture of the state of the university in 2001.

Her major findings included the following:

- While there was great potential to be world class, “insecurity at the top filtered down.” That insecurity, which was prevalent throughout the system, “stifled innovation and momentum and bred an institutional inferiority complex that in turn has spawned a culture that accepts the status quo and settles for mediocrity.”
- Major issues that warranted urgent attention by the incoming president were: competitiveness of compensation, faculty morale, system-wide priority setting, competition for resources, budget process, student enrollment, Native Hawaiian issues, governance, national image, budgets aligned with strategic priorities, building a true system and effective organizational structure, and building relations with a wide range of constituencies.
- The culture and climate were characterized by phrases such as “over managed and under-led,” “command and control,” “lack of transparency and communication,” “entrepreneurial thinking and risk taking have been neither encouraged nor rewarded,” “it is easier to get a million dollars than it is to spend it,” “frustration over bureaucracy and control,” “budget and priority processes that are not transparent,” “many are weary and demoralized,” and “hopes and expectations are high” for this president.
- Those expectations for the president are “that his leadership style is different from the widely condemned style of his predecessor; that he will empower the chancellors to manage their campuses on a day-to-day basis and dismantle whatever bureaucracy is in the way of effective, efficient operations; that the status quo must be challenged in pursuit of quality and excellence in all that the institution does; that he will encourage, expect, and reward innovation, effective management, and, above all, results; that a ‘can-do/must-do mentality’ will prevail in Bachman Hall and throughout the system; and that key management and decision processes will be transparent and inclusive.
- “Evidence of the need for a system-wide strategic planning process abounds.” “UH is in dire need of a new strategic vision that empowers people and that people buy into.”
- Without a strategic vision, the budgeting process is flawed and guideless. “There seems to be a bit of a free-for-all atmosphere at present, which suggest it is in fact not sufficiently clear throughout the system what the strategic priorities are and what should be driving the expenditure of resources.”
• After years of legislative budget cuts at UH, the university is underfunded by $60 million as compared to its peers (as of 2000). Entrepreneurial solutions are needed to make-up that gap.
• Enrollment is significantly less that in prior years due to a number of factors—“economic, student preference, programmatic, tuition, image, budget, and intensifying competition.”
• A review of the practice of tuition waivers needs to be carefully examined and new ways of funding student financial aid needs to be reviewed.
• “There is no effective integrated approach to marketing within or across the system. …Many of the issues the UH System and its constituent unit face today—and especially its public image/perception problems and what can be described as an institutional inferiority complex—can be addressed through a strategic and sustained marketing effort.”
• “The university does not have an integrated management information system. …Student records are maintained on four different systems, none of is which effectively linked together. Students seeking to transfer from community college to Manoa or Hilo must send paper transcripts as there is no electronic capability….Improving information technology support throughout the system, in a fully integrated management system, should be an institutional priority.”
• Despite the completion of its first-ever comprehensive campaign in 2001, “this is still an embryonic fundraising operation, as the University of Hawai’i Foundation’s president is quick to acknowledge. The key challenge is to create a culture of giving where none has existed.” “UH’s centennial is in 2007, and this represents and exciting opportunity for a major fundraising effort—tied to a new strategic vision for the UH system developed through strategic planning. There is a need to start the culture change deemed necessary for long term fundraising success right away—and also a need to get an adequate infrastructure in place.”
• “Chancellors and academic leadership from each major unit need to confront the issue of articulation and transfers as a priority agenda item.”

While the Campanella Report had other substantial findings, these were the aspects of the report I found to be most serious and compelling. So with a formal presentation of this report to the Board of Regents in fall 2001 and the subsequent public release of this document, the task at hand was clear to the Board of Regents and me—strong leadership was desperately needed and a culture of innovation and progress needed to be instilled throughout the system.

I began my Presidency with some short and long term goals. I needed to create new leadership that would allow the faculty and staff to regain confidence in themselves and to begin the process of restoring faith in the university. The Board of Regents had decided that the president should no longer be the chancellor of the Manoa campus. I entered this position with a mandate from the board to in effect reconceptualize the presidency as a system-level role. I moved quickly to create an interim chancellor for the Manoa campus. My choice for this critically important role was a distinguished faculty member and strong academic administrator, Dr. Dean Neubauer. Within a short period of time Dr. Neubauer created a new leadership team at Manoa, a style of cooperative leadership that involved the faculty in collective decision-making, and allowed me to create a faculty based search process for the permanent chancellor. Creating a broadly-based search process involving faculty, staff and community members was unique to UH’s history and created a tone to hiring that was replicated with success in further Manoa searches, most importantly for the director of athletics, the vice chancellor for academic affairs, and the deans of the Schools of Law, Nursing, and Travel Industry Management. It is difficult to overemphasize in the context of 2001–2002 how important these searches and the attraction of top rank candidates have been to the overall leadership climate of the campus.
These processes have continued with further reorganization at Manoa, not an uncontroversial process. As stated in the Campanella Report, Manoa was characterized in particular as beset by institutional rivalries that were called “independent baronies” that negatively affected effective operation of the campus. Many of the key people had been in their positions for many years, and bringing change in this environment has been painful. However, our assessments indicated that it has been necessary, and we have stayed the course, even as many of the steps taken on the road to reorganization have raised people’s hackles.

Much of my focus has been the process of reorganizing and creating an effective system. In doing so, I had to redefine the Office of the President, develop new roles at the system level, and reorganize functions that would allow me to address the broader issues of lack of focus. Most important has been the effort to empower members of the organization to seek solutions that will evolve to meet the changing educational needs of the citizens of Hawai‘i. I sought to do this in four ways. First was creating a vision for the university through a comprehensive strategic planning process. Second was the structural reorganization effort itself; creating roles that allow for effective administration and hiring people to make this work. Third was initiation of an innovative building program that could provide world-class teaching and research facilities for our faculty and students. The last was bargaining a contract with the university unions that would speak to some of the enduring points of contention. Through these acts, my intention was to change the climate of the university from a “no-can” culture (as cited in the Campanella Report and documented in various reviews) and to restore hope through a positive, “can-do” culture.

What is critical to recognize is that in addition to the natural challenges that emerge from such an ambitious undertaking, this administration had the added burden of operating under the backdrop of the Sept. 11 tragedies just two months after I assumed this office.

**STRATEGIC PLANNING**

In reviewing the findings of the Campanella Report, it was clear to me that the most important undertaking of my entire tenure would be the development of a bold strategic vision. I also recognized that this vision could not simply be my vision or the Board’s vision, rather it needed to be an inclusive and compelling plan that had considerable input from every major stakeholder in the UH System. Further, I mandated from its earliest stages that this plan be more than simply guiding principals, rather it needed to be a living/breathing document that provided clear goals and objectives for the long term growth and sustainability of the university. In other words, every subsequent budget and priority setting process had to be based almost entirely on the fundamental imperatives derived from the Strategic Plan.

With that in mind, we created an unprecedented process for strategic planning, involving more people by far than ever previously (estimated to be almost 2,000 people) through a combination of old fashioned workshops and new technologies, most notably use of Open Space Technology. I commissioned a system-wide task force called the President’s Advisory Council on Plans and Priorities (PAC). PAC consisted of system administrators combined with chancellors, faculty members, students, and researchers that represented both the four-year and two-year programs. After months of tireless work, the PAC provided the entire UH community with an eight-year plan, “The University of Hawai‘i Strategic Plan: Entering The University’s Second Century, 2002–2010.” Most notably, the plan was deeply rooted in the guiding principals of the ancient Hawaiian system of sustainability known as ahupua‘a. Coupled with bold new ideas for Native Hawaiian programs, this
plan sends a clear message that this university is committed to fostering Native Hawaiian culture and traditions throughout the system.

To provide a basic understanding of the major goals in the plan, I have provided them below.

- **Educational Effectiveness and Student Success**
  Embrace a culture of excellence and performance as the hallmarks of effective learning and student success.

- **A Learning, Research, and Service Network**
  Engage diverse elements of the UH System in intellectual capital formation that enables Hawai‘i to flourish.

- **A Model Local, Regional, and Global University**
  Transform the international profile of the University of Hawai‘i System as a distinguished resource in Hawaiian and Asian-Pacific affairs, positioning it as one of the world’s foremost multicultural centers for global and indigenous studies.

- **Investment in Faculty, Staff, Students, and their Environment**
  Recognize and invest in human resources as the key to success and provide them with an inspiring work environment.

- **Resources and Stewardship**
  Acquire, allocate, and manage the resources needed to achieve success and exercise exemplary stewardship over university assets.

In addition to the tangible results of having clear and distinct guiding principals to work from, this plan symbolically represented a new way of doing business at the University of Hawai‘i. It sent the messages that UH will conduct its major initiatives in an inclusive and transparent manner; UH has the ability to be bold and dream big dreams; UH has a bright future; UH is seriously interested in change, not just change for the sake of change, but for the sake of informed self-improvement.

**ORGANIZATIONAL STRUCTURE**

Our next challenge was to develop a system organizational structure that took the leadership observations of the Campanella Report to heart. We consistently held to the belief that this structure must be facilitative, bottom-up, and empowering.

With those principals in place, we began by undertaking a study of other states’ systems of higher education to offer guidance in our process of reorganization. States including Wisconsin, North Carolina, Georgia, Pennsylvania, and Colorado were visited by a team of senior administrators who sought information on various models of organization. The team also sought extensive local counsel through the establishment of listening projects on all 10 of our campuses and with a variety of constituencies. The result is a structure that is thoughtfully designed to promote open communication, and coordinated planning, with all the campuses.

Passed by the Board of Regents in December 2002, and validated by both WASC and ACCJC accrediting boards, this reorganization establishes a new senior administrative structure of the university dedicated to facilitation and coordination efforts across the system. Several issues were addressed. The community colleges are now independent campuses, each led by a chancellor, and provided the opportunity to offer one bachelor’s degree that can, for instance, help Hawai‘i’s teacher shortage across the state. Senior administrators meet monthly (and sometimes more often) with the
new Council of Chancellors, representing each of our 10 campuses. Issues are discussed that impact the entire system, such as budgetary items, tuition and fees, and articulation and transfer. The All Campus Council of Faculty Senate Chairs and the UH Student Caucus also meet regularly.

The system is structured so that there are two coordinating offices for all campuses—the vice president for academic affairs for all academic matters and the chief of staff for all non-instructional areas. The vice president for academic affairs is responsible for coordinating the activities of the vice president for international education, vice president for research, and vice president for student affairs. The chief of staff is responsible for coordinating the activities for the offices of vice president for external affairs, vice president for administration and CFO, and director of capital improvements. This organization establishes clear lines of responsibility and accountability while being open to input from a wide range of interests. It also creates a structure that allows for more effective self-determination at the campus level while enhancing overall communication.

I am particularly pleased with the work of the individuals selected (through a extensive, open process) to fill these two critical positions. Dr. David McClain was chosen to serve as vice president for academic affairs. A graduate of the University of Kansas and a PhD graduate from MIT, Dr. McClain came the UH College of Business and Administration (CBA) from a tenured faculty position at Boston University. After a number of years of distinguished teaching and research, Dr. McClain was named dean for CBA, where he provided exceptional leadership at an important time in the college’s history. Sam Callejo was chosen to serve in the capacity of chief of staff. An engineering graduate from the University of Hawai‘i at Manoa, Mr. Callejo is recognized widely as one of the most dedicated public servants in all of Hawai‘i. Formerly deputy managing director for the City and County of Honolulu, then as the State’s comptroller, and then as chief of staff to former Gov. Cayetano, Mr. Callejo brings to UH a wealth of experience in state and local government that is invaluable to us.

The presence of Dr. McClain and Mr. Callejo brings to my senior management team leadership and coordination. As president, much of my time is dedicated to the external affairs of the university, especially fundraising and public relations. Almost daily, I am either speaking to a significant community group or hosting a wide range of guests at the President’s home. Therefore, with constant communication and coordination between the three of us, they pay particular attention to internal day-to-day and long term issues of the university while much of my time is spent articulating the broad and overarching issues to a wide range of constituents, including students, faculty, legislators, alumni, donors, community groups, conventions, foreign dignitaries, national academic conferences, and peer institutions (among others).

**KAKAʻAKO DEVELOPMENT**

One of the biggest challenges of this administration struck unexpectedly in the form the Sept. 11 terrorist attack and the aftershocks it had on Hawai‘i’s economy and the state’s ability to effectively fund the university. Soon after, then Gov. Cayetano convened an emergency meeting of his cabinet, of which I was a member. We strategized ways to stimulate economic activity through alternate sectors outside of tourism. With recent autonomy granted to the university by the Legislature, it was immediately apparent to me that UH had the flexibility to fast track a number of major projects. Therefore, I presented the governor and the Legislature with a capital improvement plan that was anchored by an ambitious proposal to build a $300 million bio medical center in the Kaka‘ako section of Honolulu. The first phase was to seek authorization from the Legislature and governor to
allocate $150 million from the tobacco settlement (a multi-hundred million dollar award to the state through a class action suit) to pay the principal and interest for a University of Hawai‘i bond issue for the construction of a new John A. Burns School of Medicine. Contingent on that funding was the agreement that the university match the $150 million through fundraising efforts from private philanthropies and the federal government. The matching monies would be designated for the construction of a new Cancer Research Center and a new biotechnology research facility.

As the result of the university securing this historic bond issue (the first in the university’s history), with ratings that included an A+ from Fitch, an A+ from Standard and Poors, and an Aa3 from Moody’s, we broke ground for the new medical school on Oct. 24, 2002. Today, the project is well underway—on budget and on time, with the first phase scheduled to open in the fall 2005. With regards to the matching campaign, we have been very successful in gaining the strong interest of both U.S. senators from Hawai‘i, Sen. Daniel Inouye and Sen. Daniel Akaka, in providing significant federal support for the construction of the cancer center. Working with the UH Foundation, plans have been laid for a major campaign to support this biotechnology initiative.

With new state of the art facilities for these two major units, not only will we have outstanding teaching facilities for our students, we will also have desperately needed additional capacity for our researches at the medical school and Cancer Research Center, which will dramatically increase our ability to secure extramural funding for cutting edge research projects. Additionally, our building initiatives in Kaka‘ako has spearheaded investment projections of an additional $200 million in private resources for the area. In an unprecedented effort to revive Kaka‘ako, which is currently a mixed-use light industrial, commercial, and retail area, UH is working with the HCDA (which oversees development in the area), and both Kamehameha Schools and General Growth, the two largest private landowners in Kaka‘ako

COLLECTIVE BARGAINING

Becoming president so soon after a major strike by the faculty, I have from the beginning been especially concerned with meeting the challenge of building renewed trust between the faculty and administration. I was particularly cognizant of that fact knowing there was much work to be done as the 2001 strike agreement left numerous issues on the table for my administration to negotiate.

When I came to the university, I believed (and the evidence supported) the view that the faculty in particular was underpaid. I recognized that continuing to lose salary position relative to comparative universities in the U.S. and abroad weakened us in both recruitment and retention of excellent faculty. Also recognizing the crippling effects the strike had on faculty morale, I have sought throughout my three years to do what we can to improve faculty salaries, including contributing more university money to special salary adjustments than required by the contract bargained in May 2001. That said, I still understood that good faith negotiations with the faculty union on the then-unresolved issues would be the critical component to rebuilding that trust.

Three years later, working closely with members of the Board of Regents, our administration has been successful in negotiating new collective bargaining agreements with University of Hawai‘i Professional Assembly (UHPA) in 2003 and 2004 that successfully dealt with all 22 issues that were outstanding with(UHPA, including salary adjustments.
Our administration first began formal negotiations began in early fall 2002. In the 21 out of 22 issues for which we had direct control at the time, we came to an interest-based agreement in spring 2003 that will serve as a model for other colleges and universities throughout the United States. I am pleased to include a quote from J. N. Musto, UHPA executive director: “The tenor of these talks has been extraordinarily different from past communications. I am so pleased that President Dobelle has brought an attitude of problem solving to the table. The people Dr. Dobelle selected to represent him did an excellent job. The conversations were wide open and there was a free exchange of thoughts and ideas. We produced significant results.” Recognizing that many of these negotiated issues have been on the table for as long as 10 years, I am proud our approach to these negotiations provides the faculty with significant improvements in their working environments.

While the 2003 labor contract with our faculty was an enormous achievement, we still had the most significant issue of salary to negotiate. Symbolically, in 2002, before any negotiations, I did not accept an automatic 6.78 percent pay raise ($28,000), although I allowed it for all my executives/managers throughout the system. I did so to make a gesture that I was prepared to be appropriate during complicated financial times as the CEO. Over the lifetime of the faculty contract, my decision will result in over $200,000 in lost revenue for me. In 2004, with a renewed commitment to functioning in concert with the Board of Regents representatives, our bargaining team once again worked successfully to develop an historic six-year contract that raises faculty salaries by 31 percent over the life of the contract. As the Gov. Lingle stated in her press conference, this will bring “stability to the university and certainty for professors, students, parents, and the community” and provide “a strong future, not just for the university but for our state.” This is a far cry from the debilitating strike of 2001.

P–20

Hawai‘i’s three systems of education—preschool (ages 0–5), K–12, and higher education—have evolved over the years to meet changing societal needs, but they have done so separately. Consequently, each system has its own set of standards, assessments, curricula, and expected outcomes. As the only public institution of higher education in Hawai‘i, the university has as its mission to provide access and a high quality of education to the citizens of this state. With this disconnect between the three systems, we were not effectively fulfilling that mission. Therefore, I took a leadership role in convening all major stakeholders in order to plan for a unique P–20 system that would better meet the needs of Hawai‘i’s students.

An integrated P–20 system of education stretching from preschool through graduate school will ultimately improve student achievement by raising academic standards, promoting meaningful assessment, improving teacher quality, and generally smoothing student transition from one level to another. At least 24 other states have initiated P–20 initiatives, and, with our centralized K–12 and higher education systems, Hawai‘i is uniquely positioned to establish an excellent model for P–20 collaboration that emphasizes the mutual dependence of the systems and creates effective collaborative relationships based on common goals. In April 2002, Department of Education Superintendent Patricia Hamamoto, Executive Director of Good Beginnings Alliance Liz Chun, and I met to discuss ways to improve connections across the three education systems we represent. We decided to promote a unified agenda for education under the banner of P–20 United for Learning. Initially funded by a $500,000 planning grant from the Kellogg Foundation and overseen by a board that includes the governor’s education advisor and the leaders of the Senate and House education committees, the P–20 initiative in turn funds a dozen projects statewide that will promote improved
transitions and be the basis for a statewide P–20 plan, for which we hope to receive additional funding from Kellogg.

ACADEMIC MANAGEMENT

Articulation and Transfer
In the interest of creating a truly seamless system, one of the major obstacles common among most systems with both four-year and two-year missions is problems associated with articulations of courses between campus. As we found through the Campanella Report, articulation and transfers were major issues facing the university. Therefore, in December 2002 we began a series of procedures and meetings that lead to agreements on the articulation of nearly 1,800 courses, including some of the most contentious and representing essentially all of those courses “inventoried” for articulation consideration from years past. In October 2003, a system-wide meeting of nearly 100 faculty from all 10 campuses was convened on the general education process to provide a framework, in half a dozen systemwide faculty groups, for the on-going need for facilitation of course articulation and student transfer.

Much effort remains to realize the ideal of a seamless system in a fashion consistent with campus self-governance. Still, addressing an issue that has long been the source of much contention has functioned as something of a confidence building measure for the new system. I am particularly pleased with comments made by ACCJC (the accrediting body for community colleges) Executive Director Barbara Beno at a recent visit to the University of Hawai‘i (and later repeated in public at the April Board of Regents meeting). She suggested that the process for articulating courses within the UH system should serve as a model for other systems.

Academy for Creative Media
The successful launch of the Academy for Creative Media (ACM), sometimes referred to as the university’s film school, demonstrates a novel capacity for the system to function in the development of new system-wide academic programs. From an idea initially proposed as a Manoa project, the idea of the academy quickly emerged as a system-wide initiative, recognizing the fact that film and media related projects exist on most of the campuses of the system. Establishing an important precedent, Chris Lee, director of the academy and the first Asian American to head a major Hollywood studio, consulted (using the above-mentioned councils of chancellors, academic officers, student leaders, and faculty leaders) with faculty, students, and the academic leadership on every campus and drafted a plan in which the Colleges of Arts and Sciences at UH Manoa would serve as home and lead campus for the initiative. The degrees and certificates to be offered under the ACM umbrella will still be subject to campus governance and approval processes, but will have the potential to represent several campuses depending on the coursework already in place and the interest expressed in pursuing new offerings. Establishment of the academy was approved by the Board of Regents during its January 2004 meeting.

This dynamic initiative clearly demonstrates the kind of innovative and entrepreneurial spirit that is beginning to emerge from our faculty within the UH System. As this program illustrates, we have begun to think outside the box of what academic programs can and will be. No longer do programs have to be relegated to one particular campus where only a limited number of students can participate. Rather, today we encourage academic planners to find ways to develop system initiatives that can cut across the once insurmountable boundaries of the individual campuses so that a broader range of students can be served. As well, this kind of exciting program ties directly into the state’s
interest to diversify Hawai‘i’s economy to be more technology focused. In order to do that, we must have adequate infrastructure and skilled workers to support such an industry. This program creatively addresses that distinct need.

**Workforce Development Initiatives**

The Council of Chancellors also has been the setting for extensive discussion of the university’s contribution to workforce development, a priority of the executive branch and the legislature. Supplementary budget proposals discussed by the council reflect workforce development initiatives of the university, and the Council of Chancellors has sponsored the creation of a system-wide network of nursing educators to address workforce shortages in this area. This network is meeting on a monthly basis to explore synergies among the 10 campuses in providing nursing education, including collaboration in distance learning. Similar system-wide networks are planned this spring for teaching educators, and for workforce needs in the construction industry, where massive military housing reconstruction contracts have led to a mini-boom in Hawai‘i’s economy but workforce shortages.

Another instance of system-wide cooperation has been the use of the Council of Chief Academic Officers to review and advise the VPAA on requests for authorizations to plan new programs. Under the former system, campuses developed new programs and at times only brought them to the president’s office when they were fully developed, sometimes producing a dynamic that made denying programs difficult. The current process encourages not only broad initial comment on such initiatives but also allows for synergies to be developed among campuses for similar projects and duplication of efforts to be avoided.

Workforce development has been one of the major missions of the community colleges in Hawai‘i. Thus, it has been a significant element in the strategic planning and program development activities for each of those campuses. In the development of the 2002–2010 strategic plan for the community colleges, a major assessment piece was that change taking place in Hawai‘i’s workplace. This assessment has been used by a number of state planning documents, including, the “State Workforce Development Plan” published annually by the State Workforce Development Council and the “State Plan for Career and Technical Education” adopted by the State Board for Career and Technical Education.

This analysis has also served as the basis for a project proposal submitted by the governor in response to a request for proposals by National Governors Association (NGA) in Washington, D.C. From across the country, 28 states applied for funding consideration. Hawai‘i was named as one of eight states to participate in an NGA project to help working adults earn college and other post-high school degrees. Called the Pathways to Advancement Policy Academy, the project will help the selected states develop new policies and institutional arrangements, enabling working adults to upgrade their skills and the states to expand their skilled labor pools. Associate Vice President for Academic Affairs Michael Rota has been designated as the Hawai‘i leader of the project.

**ACCREDITATION**

**Western Association of Schools and Colleges (WASC)**

In July 2001, the University of Hawai‘i was facing several accreditation visits from WASC commission. The Manoa special visit, following up from the difficult visit of 1999, was scheduled for spring 2002. UH Hilo was to enter its two-visit cycle following the then newly adopted WASC
revised model at the same time. Recognizing more time was needed to properly organize a functioning system through strategic planning and reorganization, I felt it premature to conduct those visits absent a formally established system. Therefore, I asked WASC to delay their two visits so they could combine them with a visit to West O‘ahu in spring 2003. Additionally, I took the proactive step of inviting WASC to provide counsel to the new system-level offices as we began to implement the goals of our newly created Strategic Plan under a new organizational structure. As WASC does not accredit systems, only campuses, this visit was truly an experiment between WASC and the UH System to explore ways to improve quality through deeper involvement with the accrediting body.

The system review, headed by a vice chancellor for administration in the UC system, was very positive in regard to our new administrative organization. The review team clearly saw the benefits of having a highly functioning system office with clear lines of responsibility. It also made particular note of the broad involvement of the university community in the process of developing strategic plans. In its system-level findings, the team “(commended) UH for creating a true system of infrastructure that will potentially provide more balanced and effective leadership and direction to the entire UH. Much progress has been made as a result of a new vision and resulting set of decisions for how the system should be structured and how it should function. Also, (UH has) brought together a high-caliber team of administrators who, on the whole, appear to be well qualified to provide excellent leadership to the UH.”

Over the past three years, we have had approval from both WASC Senior and ACCJC for reorganization, and two system visits that have validated the development of a true system structure for the university. UH Manoa received a very positive report of its special visit in spring 2003, extending its accreditation to 2009–2010, and UH Hilo passed its first review in spring 2003 and received its educational effectiveness review in March 2004. Our greatest challenge with WASC is meeting its concerns over UH West O‘ahu, a situation reflecting our three year long struggle to match the search for new resources with the needs of that education community and population growth. UH West O‘ahu did receive a formal notice of concern in the spring of 2003, but had a very successful special visit in December 2003, and its educational effectiveness visit will proceed on schedule in October 2004.

WASC also had a number of very constructive criticisms, all of which have been have been seriously addressed. For instance, the WASC team strongly commented on historic problems that have plagued the university in the area of budgeting and financial planning. As you will read in the Fiscal Management and Budgeting section, under the capable leadership of Dr. McClain and Mr. Callejo, the university has implemented a orderly and effective budgeting process that is extraordinarily inclusive of a number of constituencies from throughout the system.

Recognizing that the implementation of the Strategic Plan and the reorganization were still in their infancy when the WASC team made its visit to the system, the team commented on the need to make senior staff changes in a timely manner. Once hired, the roles of these officers needed to be quickly determined in terms of their relationship to the campuses. We have since reported that many of those senior positions were filled with outstanding candidates, including Dr. McClain and Mr. Callejo. They immediately established strong working relationships with system councils to determine and better define the role of the system vis-à-vis the campuses. Those relationships have proven to be extremely effective in creating clear lines of communication between the campuses and the system. As can be see in both articulation and budgeting, they provide real examples of coordinated efforts that are conducted with the spirit of cooperation and collegiality.
These two areas demonstrate that the university takes WASC’s comments very seriously, and we have proven to be very responsive to implementing change based on constructive criticisms from the visiting team.

**Accrediting Commission for Community and Junior Colleges**

In June 2000, the ACCJC reaffirmed the accreditation of each UH community college campus through the 2006–2007 academic year. This is the maximum time period allowed by ACCJC policy. In the third year following the evaluation team visit in 2000, all institutions were expected to submit a progress report cataloguing the institution’s responses to the evaluation team recommendations. The midterm report for each community college addressed each of the recommendations made by the team by providing a description of the response, an assessment of the progress made in fulfilling the team’s recommendations, and a plan for the activities expected to be completed before the next comprehensive self study and evaluation visit.

Detailed campus progress reports were prepared and submitted to the ACCJC in October 2003, and two campuses were visited in November by teams representing the ACCJC. The commission at its January 2004 meeting accepted the campus reports and separately requested that each campus respond to specific recommendations prior to its next scheduled visit in fall 2006.

During the spring semester, the Board of Regents approved the campus strategic plans and mission statements for the Honolulu, Kapi‘olani, Kaua‘i, Leeward, Maui, and Windward campuses as required by ACCJC policy.

The university also needed ACCJC approval for the substantive changes that affected Community Colleges from the reorganization of December 2002. That reorganization eliminated the office of the Chancellor for Community Colleges, changed the titles of the campus chief executive officer from provost to chancellor, reassigned the functions of community college staff to various system-level vice presidential offices, and allows one baccalaureate degree to be offered at the two year institutions.

As part of the action approving the reorganization, the ACCJC requested reports by Aug. 1, 2003, Nov. 1, 2003, and Apr. 1, 2004, covering various aspects of the implementation of the reorganization. The November report was followed by a visit from representatives from the commission, who produced a report on the outcomes of the visit and the progress the university has made to date. In January 2004, the commission formally accepted the August and November reports and requested that the community colleges respond to three additional recommendations. The general finding from the report is that we are making significant progress toward dealing with the issues of concern expressed in the April 2003 letter from the commission approving the system reorganization.

The report submitted on March 30, 2004, focused upon the issue of how the university system structure has been staffed and funded as originally requested by the commission, as well as detailing the progress we have made on the three new recommendations. The April 1 report was followed by a visit from the commission staff. A report on the results of that visit has not yet been received.

In sum, our relationships with WASC and ACCJC have been very active. As quality assurance bodies, both have strong views and good methodologies on what universities can and must do to
serve their constituents. We regard this friendly but constructively critical relationship as essential to both the short and long run health of the institution.

BANNER STUDENT INFORMATION SYSTEM AND TECHNOLOGY

Another initiative that demonstrates the capacity of this structure to deal with important system-wide issues is the development of the Student Information System. Based on the findings of the Campanella Report in the section on technology (“Getting a student information system in place should be one of the highest priorities for the UH System”), I asked the (then) four chancellors in the fall 2001 to accept executive responsibility to address one of the most serious concerns of the system. They appointed a steering committee and project leaders to prepare a recommendation, which resulted in the selection of SCT Banner. Implementation began in February 2002 as a major two-year system-wide project to convert the university’s separate and unconnected student information systems into a single consolidated system. The project was designed to make it possible for students to register, make payments, obtain grades and other academic information, and receive financial aid through a single on-line environment regardless of which campus(es) they attend. At the same time, the academic and financial aid integrity of each UH campus is maintained to preserve accreditation and federal financial aid compliance. As of fall 2003, all 10 campuses are in production on the new system. The overall project has been executed on time and on budget.

The current status is best described as having established the foundation on which the UH System can now continually improve services and access to information. Among the enhancements still planned are improved management information; better on-line academic planning tools, on-line graduation and advising checks; on-line articulation information; direct deposit of student financial aid to student bank accounts; development of a university-wide identification and debit card system; and better integration with other student support services, such as housing, food services, parking, and health services.

The $20M initial implementation project is being funded internally through the system-wide commitment of some of the new revenue from the modest 3 percent annual increases in the current five-year tuition schedule. The university is now working to devise a system-wide governance structure appropriate for continuous improvement and ongoing operations along with a fair method for supporting operations and maintenance of the student information system by leveraging the resources formerly associated with the operation of 10 independent campus systems. The Council of Chancellors, appropriately, is the venue for these deliberations.

As cited in the Campanella Report, the lack of such a student information system in the past was deemed to be a major impediment to meeting the educational needs of Hawai‘i by working together as a true system. The presence of this system-wide student information system today has been a demonstration of the will of the institution to work together as a system and the ability of the component units to work cooperatively on a major endeavor and to operationally link essential information components of the ten campuses.

With regards to the state of technology at the university, key indicators can be found in UH Manoa recently being ranked 44th in Princeton Review’s listing of “wired campuses,” and Intel ranking UH Manoa 27th for “wireless campuses.” While these rankings sound contradictory, in fact they are very complementary, suggesting that while we are very wired for cutting edge technology, we are at the
same time aggressively pursuing implementation of wireless applications, which is the wave of the future.

**RESEARCH**

While most of the research at UH is performed at Manoa, increasing amounts are performed at the other campuses, as well as many millions of dollars of training activity. In the fiscal year ending June 30, 2003, the total amount of research and training funds coming into the university registered $324 million, up nearly 50 percent from two years prior and almost double the level of four years ago, making UH far and away Hawai‘i’s largest technology enterprise.

With the establishment of the vice president for research, as called for in the new organizational structure, this position has the responsibility of coordinating activities with the campuses and with Research Corporation of the University of Hawai‘i (RCUH) while seeking to develop equitable policies for research administration throughout the system. The vice president for research has worked with the Manoa Chancellor’s office, Hilo Chancellor’s office and faculty association of researchers to frame which research functions reside at the system and which are at the campus level. This consultative effort led, in May 2003, to the development of an executive policy on the process by which research and training overhead funds (RTRF or research and training revolving funds) are allocated between system and campuses and within campus units.

In the context of this policy, the current vice president occupant, Dr. James Gaines, has developed an effective and widely-supported solution to the endemic issue of the appropriate degree of distribution of RTRF between the system and campuses. This issue had been to researchers as articulation and transfer had been to the teaching side of the faculty. A revised formula—25 percent of RTRF to the system, 75 percent to each campus—has been adopted that recognizes more fairly the contributions of researchers and faculty to the research and training effort, including those at the community colleges, which have received something of a windfall in comparison with past allocations. UH Hilo continues to receive 100 percent of its RTRF back, reflecting a continuing system-level intent to support the research enterprise at that campus.

Dr. Gaines also has made funds available for system-wide grant seeking activity, including $4.5 million over three years to match the $9 million National Science Foundation EPSCoR (Experimental Program to Stimulate Competitive Research) grant, which provides significant new research resources to the UH Hilo campus in particular. The vice president also has made funds available to West O’ahu and the community colleges to assist in their grant acquisition activities, including contracting with a Washington, D.C.-based consultant (TIG) to provide services on grant funding identification and writing, as well as $50K for travel expenses. Considerable funds ($300,000) have also been committed for the promotion of scholarship in non-scientific faculty at all institutions in the system (except UH Hilo, where such a fund already existed). This permits faculty in arts and humanities and languages, literature and linguistics to fund their projects and obtain salary matches when they are awarded a fellowship such as a Fulbright. There has been great faculty enthusiasm for this and has gone a long way towards our efforts to rebuild the trust with the faculty.

In reviewing the research section in the Campanella Report, you will see findings such as “They (research faculty) describe a culture of top-down management, and ‘a sense of things being done to us, not with us in partnership.’” The report quotes a researcher saying, “rather than telling me what’s wrong, why not help me fix a proposal so that you will support and sign it? We are glorified
secretaries, fiscal officers, paper pushers.” With the creation of the Office of the Vice President for Research, clearly this administration has provided tremendous leadership to enhance and support the research enterprise at the University of Hawai‘i.

A tremendously important offshoot of the dramatic increase in the research enterprise has been the direct economic impact the university has on the economy of the state. In 2000, it was reported that UH was a $1 billion player in Hawai‘i’s economy; today, that number has grown to $1.4 billion, and many economists place that number at $1.9 billion, including indirect economic impact. With an economy devastated after the Sept. 11 attacks, the university has been a significant player in restoring fiscal stability to the state.

ENROLLMENT MANAGEMENT AND STUDENT SERVICES

As stated in the Campanella Report, it was suggested that enrollment had significantly declined in recent years due to a number of systemic problems. Most disturbing to me was a lack of focus on enrollment management. Campus and university leadership should be provided guidance and counsel on standard practice strategies that can not only address our decrease in student enrollment but more importantly strategically position the university to properly address issues around access, academic excellence, diversity, and tuition enhancement. Lastly, the reliance on tuition waivers as the university’s main source of financial aid needed to be thoroughly examined and reviewed, with suggestions for alternative systems proposed.

With direction from my office through Vice President for Student Services Doris Ching, the university engaged a number of leading industry consultants to help develop an Enrollment Management Plan. Today, these new enrollment management strategies have inspired a more concentrated focus on recruitment and retention on all campuses and have begun to reap positive results. Various complementary initiatives launched have enhanced enrollment increases, including the modernization and integration of a university-wide student information system; higher quality of public and media relations; greater efforts to involve the community in university matters; raising the levels and quality of programs that have excited the community and increased their awareness and respect of the university. As a result of all these integrated and coordinated efforts, the university has seen more than a 9 percent increase in enrollment, from 45,994 in fall 2001 to 50,317 in fall 2003. Further, not only has out-of-state enrollment increased, but more of those students are truly paying non-resident tuition rates. This dramatically reversed a trend where there were significantly more out of state students were paying local tuition rates than non-resident rates.

In conjunction with the enrollment management plan, Dr. Ching drafted a plan for our newly proposed Tuition Assistance Program that calls for our existing program to switch from a waiver based system to a funded scholarship program. While we would not drop the practice of tuition waivers, we would base more of our financial aid awards through a two pronged funded scholarship program that would be based on need and merit. This new program would better uphold our mission to provide access to Hawai‘i’s citizens who want the opportunity to receive a quality education.

As stated earlier, the newly created system organization calls for a formal relationship between the UH System Student Caucus and the president, a decision based on the administration’s desire to be more collaborative with student leaders. One of our first achievements together was to find adequate funding for the caucus that enabled their members to take a more active role in lobbying the Legislature for support on matters important to students, such as increased funding for safety and
security on all UH campuses. Caucus also have been instrumental in bringing major concerns of their fellow students to my attention so that my senior staff and I can be responsive to their interests.

With a new student information system, better coordination and communication between campuses, dramatic progress on articulation, the initiative to establish a technology-savvy university ID card, and better representation of students at a system level have all contributed to a university that functions as a seamless system, where students can easily take advantage of the variety of academic and cultural programs that exists on our 10 campuses. What it accomplishes is a better student experience for everyone, as we can see reflected in our enrollment number.

**FISCAL MANAGEMENT AND BUDGETING**

As a general statement, I am proud of the fact that we have ended each of the first two years with a positive cash balance and with the university in sound financial condition. That is not to say we have adequate resources to run the university, rather it is to say that we have been very fiscally responsible with the resources that we do manage. I first refer to Price Waterhouse Cooper’s recent audit report to the Board of Regents at the March public meeting. When asked for the key gage to indicate the financial picture of the university, the auditor told the board that he would look at net current assets, which in the case of the UH had grown by $97 million over the past year from $959 million to $1.056 billion. He further stated that this level of growth is a strong indication that the university’s financial picture is very sound.

A second indicator to gage the financial health of the university is to review the findings of the bond rating agencies when we issued our bond. Few successes will have the long-term impact of the university achieving a stand-alone credit rating, with special thanks to CFO Wick Sloane for overseeing this initiative. It is important to note that the university’s ratings (Fitch: A+; Moody’s: Aa3; Standard & Poor’s: A+) validate how great the university can be as the qualitative confidence aided the quantitative. In its statement, Moody’s cited a number of important factors in the determination—UH is supported by its position as the sole public higher education provider for the state, historically modest self-supported debt levels, good levels of financial reserves, and a positive operating performance despite a “constrained” state funding environment over the last 10 years. Standard & Poor’s cited “new strategic efforts to improve the university’s competitiveness in research, fundraising, and academic-program innovation.” The excellent rating, while raising UH’s credit ceiling, will also result in lower interest rates associated with the Health and Wellness Center. It is important to note the university today maintains those same ratings.

**Budgeting and Resource Allocation: Stocktaking, Reallocation, and Monitoring**

Over the past year, much effort has been placed on budgeting, campus allocations, and financial monitoring, all of which had been identified by the commission as matters of concern. The university’s focus has been to develop an overall budget and allocation system that includes dynamic monitoring and is closely tied to the planning process. This has been a combined effort of the chief of staff and the vice president for academic affairs, working with the Council of Chancellors and budget and fiscal officers throughout the 10-campus system.

The budget and allocation system has three components. The first is the overall budget planning system, which is currently preparing for the next biennium process and examining the long term financing of the university; the second is the allocation system based upon dynamic assessment of
local situations, especially those involving enrollment and tuition calculation; and the third is dynamic assessment for monitoring and accountability.

**Stocktaking**

Beginning in fall 2003, the VPAA and chief of staff have led the chancellors in a dialogue on a new approach to developing the biennium budget that is more rational and based on factors other than history or politics—that is, on enrollments, productivity, and/or peer comparisons. The need was stressed for the budget to be better aligned with campus and system strategic plan goals and initiatives. To this end, in February and March, the chancellors participated in stocktaking sessions during which chancellors responded to these questions: What are you doing? How are you paying for it? What do you want to do (including enrollment growth as well as new initiatives)? And how do you propose to pay for it? This process is intended to guide system-wide thinking around strategic plan priorities and how the budget can be used to address those priorities. This process also reflects the state’s budgetary categories of current services base, current service base augmentation, workload adjustments, and program change requests.

Also participating in this stocktaking were representatives of the All Campus Council of Faculty Senate Chairs’ Budget Advisory Committee and the Student Caucus. In addition to 10 campus presentations, the UH System Office made separate presentations on student affairs, international education, information technology management, and general management areas. The Puko’a Council, representing Native Hawaiian faculty and programs on all 10 campuses, also made a presentation, as did the system-wide consortium of nursing faculty.

The associate vice president for planning and policy, in collaboration with the System Budget Office, has provided the chancellors for their review a series of funding approaches used by other states and systems (e.g., California State University system, North Dakota, Georgia, and Oregon). Several models that incorporate enrollment growth and productivity measures have been considered for seeking state appropriations and as a means of internal reallocation. The chancellors have begun to determine the appropriate principles governing their funding guidelines (e.g., access, workforce development, institutional mission, and strategic plan priorities).

Testimony to the Legislature discussing biennium budget planning and related issues attest to the university’s commitment to include enrollment considerations in its budget planning process. The VPAA’s testimony describes the intent to come forward to the Legislature with a general funds request in the context of an integrated, medium-term projection of all the university’s sources of funds, including tuition and reforms to federal and state student financial aid.

**Budget Allocations**

In July 2003, reflecting her concern over the vibrancy of the state’s economy, the governor restricted the budgets of all cabinet departments and the budgets of the Department of Education and the University of Hawai‘i. Thanks to efforts by the chief of staff, UH was permitted to identify special and revolving funds, as well as general (state) funds, to meet its $10 million restriction. In September 2003, the governor restored the restricted funds, and the UH System in turn restored all general funds as well as some special and revolving funds to the campuses, some $8.5 million in total.

The system office reallocated in mid-October the remaining $1.5 million (consisting of $1 million in non-general funds from UH Manoa and $500,000 of UH System general funds) in directions
reflecting system strategic plan priorities that had not been sufficiently funded in previous financial plans.

These priorities reflected commitments to Native Hawaiians, academic excellence, workforce development, and access. For example,

- $250,000 was allocated to the University of Hawai‘i at Hilo to address past commitments to Native Hawaiian education, in particular permanent funding for the College of Hawaiian Language.
- $325,000 was allocated to the University of Hawai‘i West O‘ahu in response to the Notice of Concern received from WASC (the monies were earmarked for personnel including a vice chancellor for academic affairs, an institutional researcher, a registrar, and two faculty in high demand areas.
- $40,000 was allocated to Honolulu Community College for an apprentice training program.
- Up to $885,000 was set aside to enable community colleges to implement negotiated teaching load reductions without decreasing access as mandated by the most recent collective bargaining agreement. The decisions were accomplished after consultation with the chancellors, chief academic officers, ACCFSC, and the Student Caucus. State funding of the collective bargaining agreement costs is the university’s highest priority in its supplemental budget.

The chancellors reviewed the current allocations for 2004–2005, the second year of the biennium budget, at their late January meeting. They concluded that current allocations should stay in effect with one exception, the provision of sustained operating funding for the Banner Student Information System and, in light of the recent ACCJC action letter to the system, the use of the Banner system to enhance program review and assessment efforts.

Accountability
The Budget Level Summary report, developed quarterly, constitutes a new process initiated since the last system visit. We currently have data for the first two quarters of fiscal year 2004. Beginning with the initial budget document that shows the breakdown of budget by methods of funding, the system-wide financial and management group has updated the financial plans for each campus based on actual revenues and expenditures/encumbrances.

At the close of each quarter, September and December to date, we show actual expenditures for each quarter and the projections remaining for the balance of the fiscal year. As an example, for the first quarter, we were able to develop actual expenditure data by the middle of October and projections for the remaining three quarters by the end of October. Arraying data in this way has done much to address queries, particularly from the board, about the overall spending outlook for the UH System. The second quarter actual expenditure data were shared with the BOR at its January meeting, with the understanding that we would have the projections for the remaining two quarters of the fiscal year complete by the end of January, in time for the February Board meeting. The actuals for the second quarter and beyond are compared to the most recent projection as opposed to the initial budget information. At the January BOR meeting, the BOR asked for the next formal fiscal presentation to include capital improvement projects (CIP) funds and the RTRF to provide a complete picture of revenues and expenditures.

In response to a request from the ACCJC’s executive director at an Oct. 30, 2003, meeting at the university, the university has engaged its external auditor in discussions to prepare individual
financial statements for each of the campuses. The preparation of these campus-based financial statements will require modification of existing procedures and reporting requirements of the university’s financial reporting system, and therefore time will be required to create the necessary changes in the financial tracking and reporting systems. ACCJC has convened a group of university financial experts this spring to more clearly identify its needs, and has asked Mike Unebasami, UH associate vice president for administration and community colleges, to be a member.

**Biennium Budget Initiatives Underway**

1. **October 2003**: Council of Chancellors reviews flow diagram for a biennium budget development process that will reflect, inter alia, enrollment considerations.

2. **November 2003–continuing through the present**: Vice President for Planning and Policy Linda Johnsrud presents to the Council of Chancellors alternative criteria for considering budget appropriations and allocations, both in external presentations to the Legislature, and in internal decisions about where resources should flow.

3. **January 2004**: Testimony to Legislature promising an integrated financial plan for the biennium budget (2005–2007) and the four years thereafter, through mid-2011. State informed, we will be “checking the ‘workload increase’ box,” so that enrollment is a part of the criteria for funding from the state.

4. **February 2004–April 2004**: Chancellors and selected systemwide initiatives (e.g., Nursing, Puko’a Council) asked to make stocktaking” presentations to the Council of Chancellors. Such presentations, which align a unit’s strategic, academic and budget plans, ask the unit to answer four questions—What is it doing and how is that being funded? What would it like to do and how does it propose that be funded? Members of ACCFSC and Student Caucus, along with chancellors and CCAOs, invited to observe presentations, ask questions.

5. **March 2004**: Thanks to the efforts of Linda Johnsrud, UH System receives WICHE grant under the theme of Changing Direction: Integrating Higher Education Financial Aid and Financing Policies to participate over the next year with nine other states in determining best practices in developing an Integrated Financial Plan.

6. **April 2004**: After the conclusion of stocktaking April 7, the President’s council on Programs and Priorities convened to review the progress made on implementing the strategic plan and the presentations made as part of the stocktaking process and to advise on criteria for considering budget appropriations and allocations.

7. **Next Steps**: Council of Chancellors, ACCFSC, and Student Caucus each review results of stocktaking budget proposals, and advise on criteria for considering budget appropriations and allocations.

VPAA, Chief of Staff, one chancellor from a senior college, one chancellor from a community college, and the system director of the budget formulate a draft systemwide biennium budget proposal, conduct further systemwide consultations on the proposal, submit to president for his consideration, and, upon approval, submit to BOR (and post to VPAA website.)
When I first arrived in July 2001, the university had just completed its first-ever comprehensive campaign, mostly from corporate entities and friends of the university. As is the case with most initial campaigns at public institutions, alumni participation was very minimal as a culture of philanthropy had yet to be truly established. That is why in the Campanella Report, the then president of the University of Hawai‘i Foundation described it as an “embryonic” organization. The foundation was in desperate need of leadership and a new organizational structure that was properly staffed. FY ’02 proved to be year of transition; much of it was spent working with its Board of Trustees to conduct a search for the new president, which brought us fundraising veteran Betsy Sloane from Harvard. Beginning her tenure as president in March 2002 without a senior executive staff, she quickly began the difficult task of developing long-term goals and objectives for the foundation while simultaneously building an almost entire new team. Despite the fact that FY ’02 was marked by major transition with very little leadership, remarkably the foundation was able to raise $18 million.

With the hiring of a vice president for development and a chief financial officer, the rest of the organization began to develop into a well-planned structure that provided adequate coverage for all major programmatic entities throughout the system. I devoted a great deal of time between meeting a wide variety of alumni organizations (including many mainland chapters that never had presidential visits before) and focused fundraising efforts in individual and small group settings. With well-established personal relationships at a number of national foundations, I was also able to open those doors for the UH. Examples include The Atlantic Philanthropies, Kellogg Foundation, Ford Foundation, Luce Foundation, Gates Foundation, American Express Foundation, and the Gordon Moore Foundation. With a plethora of exceptional planning grants already having been awarded to UH over the past two years, we anticipate significant grants from those same national foundations in FY ’04 and early FY ’05, a direct result of the submission of substantive faculty and program proposals as follow-up to the successful implementation of those planning grants.

As we began to retool the development operation, we also recognized one of the major deficiencies in the university’s external efforts was an ineffective alumni relations program. The alumni program was often working in direct contrast to fundraising efforts based out of the UH Foundation, a separate 501c3. Their efforts were often counterproductive; for example, both kept separate alumni records in their distinct databases, creating an inefficient method of tracking alumni. Further, we recognized that alumni programming was significantly underfunded with a staff of only 3 FTE and an operating budget of only $15,000 per year. Therefore, the strategic decision was made (with Board of Regents approval) to fold the alumni function into the UH Foundation with additional funding provided by the university to help build a more effective program. With the hiring of Hawai‘i native Kevin Takamori from Harvard’s Alumni Relations Office, alumni outreach efforts have dramatically improved with successful events in Los Angeles, Las Vegas, Seattle, San Francisco, Dallas, Orlando, New York, and Washington, D.C. More important, the alumni function is now working collaboratively with fundraising efforts to provide a unified and coherent message to all alumni.

As the foundation successfully re-staffed and reorganized, planning began for a major, multi-year, comprehensive fundraising campaign that coincided with the university’s centennial in 2007. In order to provide strategic direction, Marts & Lundy was hired as campaign counsel, with former
Stanford and Berkley fundraiser John Cash as the consultant. In order to substantiate the undertaking of the campaign, the foundation directed Mr. Cash to conduct both a feasibility study and a faculty survey. A result of numerous interviews and surveys with our largest and most promising donors, this research effort found the university having the capacity to raise approximately $200 million, primarily through alumni living in Hawai‘i, the mainland and abroad. With a dollar goal targeted, the next task connected the foundation with our academic and administrative teams at the university to develop fundraising priorities through an extensive review and planning process run through the Office of the Vice President for Academic Affairs. Now that those priorities have now been established, we are in the process of articulating them through a focused communications strategy.

Currently, we are in the silent phase of this campaign, with significant results reported in the first two years. In the period July 1, 2002, through March 31, 2004, the Centennial Campaign reported approximately $43 million in total countable gifts, with an additional $9 million projected by the end of this fiscal year. Those numbers are a direct result of an effective and efficient fundraising organization that has engaged a variety of senior university officials in the development process. While much of my time is still spent in the cultivation of prospects, I am now much more active in the solicitation of our largest donors, especially as our campaign is entering into a critical phase. My highest priority is working on the raising private philanthropic dollars and federal resources to provide the $150 million match for the Cancer Research Center and biotechnology center.

**EXTERNAL RELATIONS**

With no budget available for marketing, the Office of External Affairs and University Relations had not been focused on telling the complex story of the vast diversity of programs that is the reality of the University of Hawai‘i. Paul Costello, with a background that included serving as managing director of the New York office of a large PR firm, was hired as vice president for external affairs and university relations, and he provided the kind of imaginative leadership needed to advance our external programming forward. He revamped the ways in which the news of the university was promoted to journalists and the public. New outreach efforts began to proactively tell the story of the institution’s successes through news and features in broadcast and print. The wide range of expertise within the university was showcased by the creation of an experts guide that was made available to media in Hawai‘i, the mainland, and internationally. Within a short time it became apparent that the university was positioning its prominence in new and assertive ways.

For a number of years, PBS Hawai‘i has been housed in space rented from the university and has paid the university in-kind services. In the past, little thought was given to how these in-kind services would be used to tell a larger story about the university to PBS Hawai‘i’s influential viewers. We approached PBS Hawai‘i about using the in-kind payment to create a 30-minute talk show that would showcase luminaries, celebrities, and academics who were guests of the university or local organizations within the community. A 13-week series called *One on One* was created, and it featured a wide range of guests including World Health Organization President (and UH alumnus) Jong Wok Lee, Dance Theater of Harlem founder Arthur Mitchell, author Paul Theroux, gold medalist Frank Shorter, actor Richard Chamberlain, astronaut (and former UH postdoctoral researcher) Ed Lu, actor Alan Arkin, and historian James McGregor Burns.

Within a few months after his appointment, Paul seized on other key opportunities to highlight the university. He created a public affairs program on KHNL-Channel 8 as part of the television sports broadcast contract, created an hour radio talk show on KKEA as part of the radio sports broadcast
contract, and created a new financial partnership with Time Warner cable that featured Warrior football games in a new pay-per-view format. To date, the pay-per-view collaboration has brought more than $1 million in new revenue to the UH athletic department. These new broadcast opportunities allow the university to showcase the excellence of the institution and its faculty to a wide range of audiences throughout the state. Each week the shows *UH Today* and *UH This Week* feature guests from the UH system commenting and providing expertise on a wide range of news and topical issues. By working collaboratively with Hawai‘i hotels and airlines, a speakers series was launched that brought to the university community such notables as journalist Helen Thomas, *New York Times* culture critic Frank Rich, actress Anna Deavere Smith, AP special legal correspondent Linda Deutsch, and broadcast journalist Sander Vanocur.

In government relations, a new initiative was the launch of UH Day at the state Capitol. This one-day event, now in its second year, showcases the breadth and depth of the university to legislators. The governor, lieutenant governor and state Senate and House leadership as well as other legislators have attended the event. The Government Relations unit also coordinates system-wide visits to all campuses as well as the Institute for Astronomy on Haleakala and Mauna Kea, Coconut Island, University Center at West Hawai‘i, and Maui High Performance Computing Center. Legislators are given a chance to talk one on one with chancellors and others about their work.

These efforts demonstrate how, with creativity and high energy, much can be done to promote the university in ways that do not have significant cost and, in some cases, raise revenues.

**INTERNATIONAL EDUCATION**

Since my arrival in July 2001, we have made a commitment to strengthening the University of Hawai‘i’s ties to the Asia Pacific region. UH has encouraged faculty and administrators to forge new and creative partnerships that are mutually beneficial and add dimension to the quality of education offered at all UH campuses. Since July 1, 2003, UH campuses have signed a total of 107 international agreements, 86 of which are with new partners.

A system-wide International Education Steering Committee was formed in 2001 with representation from all 10 campuses as well as undergraduate and graduate student representatives. It took on the challenging task of formulating the university’s international strategic plan goal, calling for UH to become a model local, regional, and global university. While our emphasis, ties, and deepest understanding will always remain in the Asia-Pacific region, we have challenged the UH community to include links with Latin America, Europe, Africa, and the Middle East, when they stretch and strengthen us. To this end, the College of Tropical Agriculture and Human Resources a large US AID grant for linking with universities in Iraq, we have a new student exchange with Costa Rica and study abroad in Cuba, and we are hosting a Moroccan Fulbright Teaching Assistant to co-teach Arabic as the demand for the language has increased on the Manoa campus. These are exiting and new directions for the UH community.

The UH Manoa national resource centers for teaching the languages and cultures of East Asia, Southeast Asia, and the Pacific have continued to win large federal grants, keeping us at the cutting edge of research and meaningful engagement in the region. Our Pacific and Asian Management Institute, China and Japan-focused MBAs, and new Vietnam Executive MBA, which graduated its first class last year, all ensure that UH College of Business graduates are engaged in the global marketplace.
Our community colleges have been recognized by national organizations, such as the American Council on Education; NAFSA: Association for International Educators; American Council on International Intercultural Education; and foreign ministries in Thailand, Singapore and East Timor among others as quality institutions with global perspectives.

Despite tragic global challenges such as 9/11, the SARS outbreak, and war in Iraq, the University of Hawai‘i has continued to attract international students in increasing numbers and a record number of visiting research scholars and will send the largest number of UH students abroad in 2004 than in any previous year. In fall 2004, an innovative intensive Asian language program will be launched at Kapi‘olani Community College, funded by the Freeman Foundation, which will enable students to go abroad for a service learning project, using classroom language acquisition in real-life application.

In summary, the University of Hawai‘i’s international reach has never been broader. Our vision for UH to be a truly great global university, as articulated in the Strategic Plan, has undergirded the successes achieved on all our campuses.

Below are areas of accomplishment in international education:

**International Outreach and Linkages**

- UH is establishing its first overseas offices in Hanoi, Vietnam, and Beijing, China, which will provide a continual physical presence in these locations and serve as springboards for increased international activity in the region.
- The UH system is represented in Osaka, Japan, at the Hawai‘i Exchange Center, which provides interested students and their families information on the various UH degree and ESL programs. Applications generated through this center are forwarded to the Honda International Center at Kapi‘olani Community College and then distributed to the appropriate UH campus.
- The UH System and EARTH University in Costa Rica committed both institutions to working together towards environmental and social sustainability. This agreement, the first UH has entered into in Latin America, is an excellent example of how UH is quickly becoming a model global university. Hawai‘i and Costa Rica have much in common including a strong dependance on agriculture and tourism and a deep commitment to the environment and social sustainability.
- The U.S. Department of Education and the Singapore government signed a memorandum of understanding in which they agreed to cooperate to improve math and science education.

**International Grants, Awards and Recognition**

- UH Manoa’s College of Tropical Agriculture and Human Resources obtained a $3.77 million grant from U.S. Agency for International Development to enhance the human and physical infrastructure of the Colleges of Agriculture at Mosel and Dohbuk Universities in Iraq. A graduate fellowship has also been created as part of the grant.
- UH Manoa’s School of Hawaiian, Asian and Pacific Studies received $3.7 million from the U.S. Department of Education for three national resource centers, which promote Pacific Islands, Asian languages, and area studies. UH Manoa is the only university in the United States that teaches all four levels of all four major Southeast Asian languages—Thai,
Tagalog, Vietnamese, and Indonesian. In addition, the center is one of only eight National Resource Centers for Southeast Asian Studies in the United States.

- The UH System received $420,000 from The Atlantic Philanthropies to build English language capacity in Vietnam. Hanoi University of Foreign Study is the in-county partner for this project. As a component of this grant, UH will be establishing its very first overseas office in Hanoi.

- Kapi'olani Community College has been selected by the American Council on International Intercultural Education as the winner of the 2003 International Intercultural Achievement Award for “Best Practice” in global education for its International Café. Kapi’olani was awarded the same honor in 2004, acknowledging its outstanding comprehensive global education program.

- Honolulu Community College has served as the liaison with the Thai Ministry of Education and the U.S. Embassy on behalf of the UH Community Colleges and four other U.S. community college systems. Following a visit with ministry and embassy officials and Kenan Institute Asia president and staff, a USAID grant proposal was written and funded with North Carolina Community College System as the lead institution. The funding will allow for sustained involvement with the Thai Ministry of Education in the development of community college in Thailand.

- Kapi’olani Community College was one of only two community colleges to receive Title VI Department of Education funding. The $152,000 award over two years supports “Beyond Asia and the Pacific: Strengthening International Education at Kapi'olani Community College.” This will develop an intensive, content-based Spanish course (101–201); five new courses with international comparative content linking Asia, the Pacific, the Americas, Africa, and the Middle East; and international learning outcomes assessment.

- The 2004 edition of the America’s Best Colleges guidebook ranked UH Hilo sixth among national liberal arts colleges in campus diversity. UH Hilo also tied for fourth in percentage of international students with 12 percent of the school’s total degree-seeking undergraduates coming from outside the U.S.

- Kapi’olani Community College was awarded $1.2 million from the Freeman Foundation for a two-year training program for community college students to develop second-language skills in Japanese, Chinese, or Korean. Students will study one of these languages intensively for one semester and participate in field study with a service learning component at a partner institution in Japan, China, or Korea.

International Visitors

The system-wide Office of International Education hosted 386 international visitors from July 1, 2003, to the present. Twenty-four of the visitors were senior-level government or university officials; 92 percent of the visitors came from Asia, with the leading country of origin being Japan.

East West Center

A deteriorating situation that led to an almost non-existent association before I began, the relationship between the University of Hawai‘i and the East-West Center (EWC) has been tremendously strengthened over the past three years. A joint task force was established soon after my arrival to ensure a forum for information sharing and joint planning. Additionally, two permanent East-West Center representatives serve on the system-wide University of Hawai‘i International Education Steering Committee.
In becoming the first UH president to attend an East-West Center alumni conference (held in Kuala Lumpur, Malaysia, in June 2002) I was consciously signaling to the East West Center and its alumni that our long-standing relationship is a vital one. Many of the EWC alumni obtained degrees from the University of Hawai‘i and welcomed the opportunity to meet with me and other UH representatives. I also participated in conference panel discussions, and, as a member of the EWC Board of Trustees, I visited senior governmental leadership in Malaysia. To continue this new tradition, I will be attending the summer 2004 EWC Alumni conference in Tokyo.

The East-West Center’s Asia-Pacific Leadership Program, partially funded by the Freeman Foundation, has increased UH visibility among young leaders in the region, many of whom enroll in UH Manoa classes during their one- to two-semester certificate program. As the EWC has increased its private and government funding for Pacific Island, East Timorese, Indonesian, and Vietnamese students, this has directly resulted in an increase in degree-seeking students at the Manoa campus. To this end, we have improved international recruitment and marketing efforts and look forward to a future where both institutions proudly claim their alumni and the friendships created in the region.

**CAPITAL IMPROVEMENTS**

Despite the fact the university was granted more autonomy prior to my arrival, no strategy was developed to take advantage of this newfound flexibility as it related to construction. Because of that, many of the historical problems that plagued the university in this area still remained in July 2001. That is why, soon after my arrival, we quickly worked to establish a new office, Capital Improvements. With major construction projects on the horizon, especially with the new $150 million medical school ready to be built, I needed a cabinet level manager reporting directly to me who had the skills to oversee a large stable of construction and repair projects while at the same time able to think strategically in order to plan for long term development. Jan Yokota, the former executive director of HCDA (a government agency tasked with overseeing the development of the Kaka‘ako section of Honolulu), filled that position.

With new leadership and the ability to strategically use the flexibility granted with autonomy, the university has enjoyed the opportunity to aggressively approach the construction of new buildings and the renovations of existing facilities. In addition to the medical school previously presented, consider these three examples: Hawai‘i Hall at UH Manoa, UH Hilo’s new classroom building, and the Maui Community College Culinary Arts Building.

As the oldest and most prominent building on the UH Manoa Campus, Hawai‘i Hall received extensive renovations (total cost, $15 million) that restored this historic landmark to both reflect its initial beauty and update many of its outdated features in order to accommodate modern technology and handicap access. With its completion in April 2003, this project received numerous accolades from local and national historic preservation and architectural organizations.

As the first new major building on the UH Hilo campus in 20 years, the new 85,000-square-foot, $19 million classroom building stands today as a symbol of the college’s commitment to academic excellence. In identifying additional space as a major priority in the campus’ strategic plan, this facility not only fulfills that goal but also provides access to state-of-the-art teaching accommodations, including a 150-seat tiered lecture hall; six multi media classrooms equipped with distance education control and support facilities; seven special classroom/teaching labs; five
computer/electronic classrooms; and more than 60 offices, conference rooms, and support facilities. Dedicated in January 2003, this facility is now recognized as the campus’ signature building.

As Maui experienced explosive growth in the tourism sector over the past decade, demand for skilled workers in the culinary arts increased by local restaurants and hotels. To meet that strong demand, Maui Community College built an extraordinary $13 million teaching facility that will train many of the great chefs of tomorrow. With instructional space coupled with retail facilities (including a casual cafeteria and more formal dining room), the college’s culinary arts program can now compete with many of the preeminent programs in the entire country.

**New Projects in FY ’04**

**Institute for Astronomy-Kulamalu**

Upon Board of Regents approval to proceed with this project, the university entered into a Real Estate Transaction Agreement with Kulamalu Science, LLC to plan, design, and develop a new 15,900-square-foot center for its Institute for Astronomy in upcountry Maui. A draft environmental assessment was filed with the Office of Environmental Quality Control in March 2004. Construction documents are currently being prepared. The project is to be bid this summer, with a construction start projected for fall 2004.

**Cancer Research Center**

In January 2004, the Hawai‘i Community Development Authority (HCDA) granted a six-month extension to the University of Hawai‘i to the Agreement for Exclusive Negotiations for a 5.5-acre site on the Kaka‘ako waterfront for the development of a Cancer Research Center. During the six month period, HCDA and the university are to negotiate a development agreement and long term lease for the site. As stated earlier, we are pursuing financing and development options for construction of the center.

**West O‘ahu Campus**

In October 2003, a draft Long Range Development Plan for the University of Hawai‘i at West O‘ahu was presented to the Board of Regents for its approval. Early this year, the administration discussed the possibility of a public/private partnership for development of the first phase of the campus with regents. Issuance of a request for qualifications would be the first step in this process. A workshop focusing on the educational, financial and development requirements of the campus was proposed at that time and is currently being scheduled.

**West Hawai‘i Center**

In April 2004, the Board of Regents authorized the administration to enter into an Amended and Restated Memorandum of Understanding with Hiluhilu Development, LLC, to consult and discuss joint development opportunities for adjacent properties east of the Kona Airport. In the initial phase of development of the West Hawai‘i Center, the university will lease space for its classroom facilities on Hiluhilu’s property on a mid-term basis of 5–10 years, until the university can build its own facilities. The start of construction for the first phase of the Hiluhilu project is planned for late 2005.
Repairs and Maintenance Projects

In FY ’04, the Board of Regents has approved more than $60 million of repairs and maintenance construction projects for the 10 campuses of the university. These projects are being designed, bid, or are now under construction.

Planning and Design Projects

The Office of Capital Improvements is overseeing the following planning and design projects:

- **Long Range Development Plans**
  Updates of long range development plans (LRDPs) for Maui Community College and the Manoa campus are being prepared. The LRDP for Hawai‘i Community College was approved by the Board of Regents in April 2004.

- **Design Projects**
  At the University of Hawai‘i at Hilo, two project are being designed:
  - Student Life and Events Complex
  - Administration Building Addition and Student Services Renovation
  At Kaua‘i Community College, the One-Stop Center project is now in the design process.

Student Housing

The Office of Capital Improvements is currently overseeing two projects related to student housing:

- Development of a strategy for the renovation and reconstruction of all dormitories on the Manoa campus
- Preparation of a statewide study of student housing needs on all campuses, including an evaluation of possible unit configurations, potential rent levels, types of housing needed for the campuses, and alternative sites for dormitory development.

CONCLUSION

As I stated at the beginning of this narrative, I am very pleased to have this opportunity to discuss the range of diverse activity undertaken by my administration during the past three years. I was recruited to come here with a mandate for drastic deep-seated change and with the clear understanding that the status quo was not acceptable. As one regent who hired me said, “your job is to blow the place up.” In accepting this daunting challenge, I also recognized that in many areas, such as effective financial planning, fundraising organization with alumni support, broad based search processes, and a thoughtfully considered administrative structure, functions often considered standard in other university systems were not in place here and needed to be established as a first priority. Change, always complicated, had for at least 30 years been documented in books and articles to be especially resisted at this university.

I am proud of what has been accomplished and especially of all the individuals who tirelessly contribute their efforts to enhance this university. I have mentioned a number of them in this narrative, but there are many others. A key aspect of my role is to bring together the various diverse, often competing interests, and constantly encourage the efforts of many to cooperate in the process of furthering the goal of providing increasing opportunity for the citizens of this state. We are truly...
involved in every aspect of life in Hawai‘i, and are entrusted with no less than educating for our future.

Accepting the mandate for serious change, I carefully studied the complicated issues, involved the community in comprehensive strategic planning and instituted a reorganization plan designed to address longstanding organizational issues. I take seriously my responsibility to provide the structure, resources, and encouragement so that, working together, we are able to use the strength of this university to enhance the lives of the citizens of Hawai‘i in every possible way. This is clearly a team effort.

The critical importance of laying the groundwork with a highly inclusive strategic planning process and a carefully considered reorganization creating a strong system cannot be overstated. The system, being new, is an evolving process, but it has encouraged our 10 campuses to think creatively about their own growing needs while taking advantage of the support of the system. In any institution, particularly of this size, there are always strongly held opinions of how to best utilize very limited resources. My responsibility is to provide the opportunity for serious debate, to involve various constituencies in the decision process, and then to insure that the result is positive action. Substantive change can now originate from the campuses, reflecting the true needs of their students and faculty. Resources from other campuses can be used to enhance programs rather than duplicate efforts.

While much remains to be done, the reorganization has already demonstrated strong results in the historical problem areas of financial management and academic cooperation. When I arrived, then Gov. Cayetano told me that in the 24 years he had served in legislative and executive branches of state government, no one had been able to get a clear picture of the financial reality of this university. I have heard repeatedly from students and faculty members extreme frustration in the lack of coordination between campuses in various areas of academic affairs. While much remains to be done, this narrative details progress we have made in these areas in a rather short time. It is a testament to the importance of the system reorganization and, in particular, the wisdom in selecting the key administrators to lead these critical areas.

Communication, internally and externally, is the key to further enhancing the future of this university. Through effectively telling our story, we will be able to increase our opportunities to develop expanding sources of funds, both private and public. I hope this document is useful in promoting understanding of the process I have undertaken to implement much needed change and providing a foundation for the future in which we can be increasingly successful.

There has been much public and private discussion concerning the relationship between the Board of Regents and me. I personally understand the complicated, often unappreciated role of a university regent. With our 10 campuses, 11,000 employees, 80,000 students, countless special programs, and a budget approaching $1 billion, this is a serious commitment of time and responsibility. I am personally gratified that the board has passed all my change-based initiatives, almost always unanimously. This has been true even with the extraordinary situation that within less than three years, I have served with four different chairs (and one additional acting chair), and with 24 different regents holding a total of just 12 seats. Knowing the importance and complexity of this critical role, when I arrived I put aside $50,000 to enable regents to access AGB and ACE meetings and seminars; these funds remain available.
Much has been accomplished, but we are at a critical juncture. As stipulated by Board of Regents policy, it is important that we come to agreement on clearly stated goals “mutually agreed” to by the president and Board of Regents for the upcoming year and beyond. I feel that a deeper coordination on the process of meeting current and future needs could be the most important outcome of a successful evaluation process.

In sum, is everything perfect? Of course, not. Have I been successful in every aspect of management to my standards? Regrettably, no, but I always strive to be so. Has this institution changed substantially 180 degrees in 33 months? Unequivocally, yes, and my gratitude goes to all involved in making this happen. We need to keep the momentum and sharpen the perception at the university and throughout the state, that much has been accomplished, and much more is very feasible.