Fiscal Year 2017-2018
Operating Budget

Introduction

In accordance with University of Hawaiʻi (UH) Board of Regents Policy 8.204, the UH Administration hereby submits its projected fiscal year 2017-18 (FY18) operating budget. The FY18 Budget reflects a forecast of anticipated major revenue components of the University organized by campus, including tuition & fees, legislative general fund appropriation, and other special or revolving funds. The budget is also organized to forecast major operational expenditures of salaries, utilities, institutional aid, and other operating expenditures.

The FY18 Budget has been constructed by unit management in adherence to guidelines and parameters directed by the Chief Financial Officer.

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OVERVIEW

The FY18 Budget operating budget is forecasted to include $1,042,589,828 in revenues against $1,048,392,360 in expenditures aggregated across the UH system of campuses. After transfers are accounted for, UH as a system projects a net operating loss of $15,620,838 for FY18. However, projected ending balances for all funds total $225,808,470, which remains well above the 16% Reserve Target of $167 million.

FY18 revenues are relatively flat compared to FY17 actual revenues. The largest contributor to UH's revenues, the State General Fund, is projected to increase by only 0.1%. Of note, the negotiated collective bargaining increase for faculty is not included in this operating budget as the settlement has not been approved by the Legislature nor have funds been appropriated at the time of the preparation of this budget. The next largest contributor, the Tuition and Fees Special Fund (TFSF) is projected to decrease by 0.9% when compared to actual FY17 revenues.

FY18 operating expenditures are projected to increase over actual FY17 expenditures by 5.3%. However, FY17 actual expenditures were lower than FY17 projections by 5.2%. When compared to the FY17 budget, FY18 projected expenditures increase by $642,382, or 0.061%.

Although a net operating loss is projected for FY18, this is primarily attributable to one-time investments from specific special and revolving funds that have sufficient cash balances to handle these losses. From TFSF, the Community Colleges and Hilo are making investments that total $5.9 million. The operating loss attributable to the Research and Training Revolving Fund (RTRF) is primarily an outcome of conservative budgeting at Mānoa. One-time expenditures for Student Housing ($7 million) and Telecomm ($1.6 million) make up the majority of the operating loss for Other Special Funds, although the fiscal situations of the Cancer Center and the Athletics program also contribute to the overall operating loss and are discussed below.

BUDGET HIGHLIGHTS BY CAMPUS

Mānoa

TFSF is projected to have a slight gain for FY18. A net operating loss is projected for RTRF and Other Special Funds. The RTRF operating loss can be attributed to conservative budgeting – expenditures and other commitments typically are spent over several years, but this budget assumes that those expenditures will occur in one year. Planned renovations at Student Housing and upgrades for Telecomm make up the majority of the Other Special Funds operating loss, although the Cancer Center and the Athletics programs are still operating at a loss and recovery plans are described in more detail in Mānoa's section below.

Mānoa has made strategic enrollment management a top priority and, among other initiatives, will review and improve its marketing and branding, fully implement the Guided Pathways System (GPS), and improve recruitment, including for non-resident students. Other strategic investments will focus on specific areas of growth for research and education, in concert with centralized position control and strategic hiring.

Hilo

Although showing an operating loss for TFSF, this is largely attributable to one-time investments in energy efficiency and learning spaces at the Daniel K. Inouye College of Pharmacy (DKICP) building. Hilo will use its performance funding to improve recruitment, retention, and graduation outcomes.

West Oʻahu

West Oʻahu projects no significant fiscal imbalances and has a growing enrollment. However, it faces some challenges because of this growth and will look to fill permanent vacancies and lecturers to provide additional instructional and support services. UHWO will be seeking additional position counts to meet the increased demand.

Community Colleges

The Community Colleges are projecting an operating loss for TFSF, but this is due primarily to investments in repairs and maintenance and equipment, co-requisite remediation and development, student success initiatives, the Early College dual credit program, and other student-focused programs. An additional $1.8 million General Fund appropriation to implement the Hawaiʻi Promise Program is also in the budget for the Community Colleges.

Systemwide Administration (System)

Approximately $2.45 million in Performance Funding was not earned by campuses and will be invested by System to advance implementation of the new Integrated Academic and Facilities Plan and UH's Strategic Directions in a manner that benefits all campuses as they work to advance their plans and improve their performance metrics. These investments include cross campus enrollment management initiatives and support such as a transfer task force, the implementation of a new distance learning initiative, the creation of an applied cybersecurity institute, and initiating the creation of an institutional systemwide data warehouse.

STRATEGIC DIRECTIONS

The four Strategic Directions[1] for 2015-2021 are incorporated throughout the budget through ongoing programs, one-time investments using fund reserves, and performance funding:

Hawaiʻi Graduation Initiative (HGI)

The goal of HGI is to increase the educational capital of the state by increasing the participation and completion of students, particularly Native Hawaiians, low-income students, and those from underserved regions and populations and preparing them for success in the workforce and their communities.

[1] http://blog.hawaii.edu/strategicdirections/files/2015/01/StrategicDirectionsFINAL-013015.pdf

Hawaiʻi Innovation Initiative (HI2)

The goal of the Hawaiʻi Innovation Initiative is to create more high-quality jobs and diversify Hawaiʻi's economy. The University is moving forward on innovation initiatives by leading the development of a $1 billion innovation, research, education, and training enterprise that is intended to address challenges and opportunities that will face Hawaiʻi and the world.

21st Century Facilities (21CF)

The goal of 21CF is to eliminate the University's deferred maintenance backlog and modernize facilities and campus environments to be safe, sustainable, and supportive of modern practices in teaching, learning, and research. Contemporary and modern facilities are important competitive factors for learning, research, recruitment, and enrollment.

High Performance Mission-Driven System (HPMS)

High Performance Mission-Driven System (HPMS) supports the institutional mission through cost-effective, transparent and accountable practices that ensure the University is a well-managed business enterprise into the future. Financial viability and sustainability are critical towards UH's ability to provide an accessible education experience that supports the institutional mission.

SYSTEMWIDE REVENUES

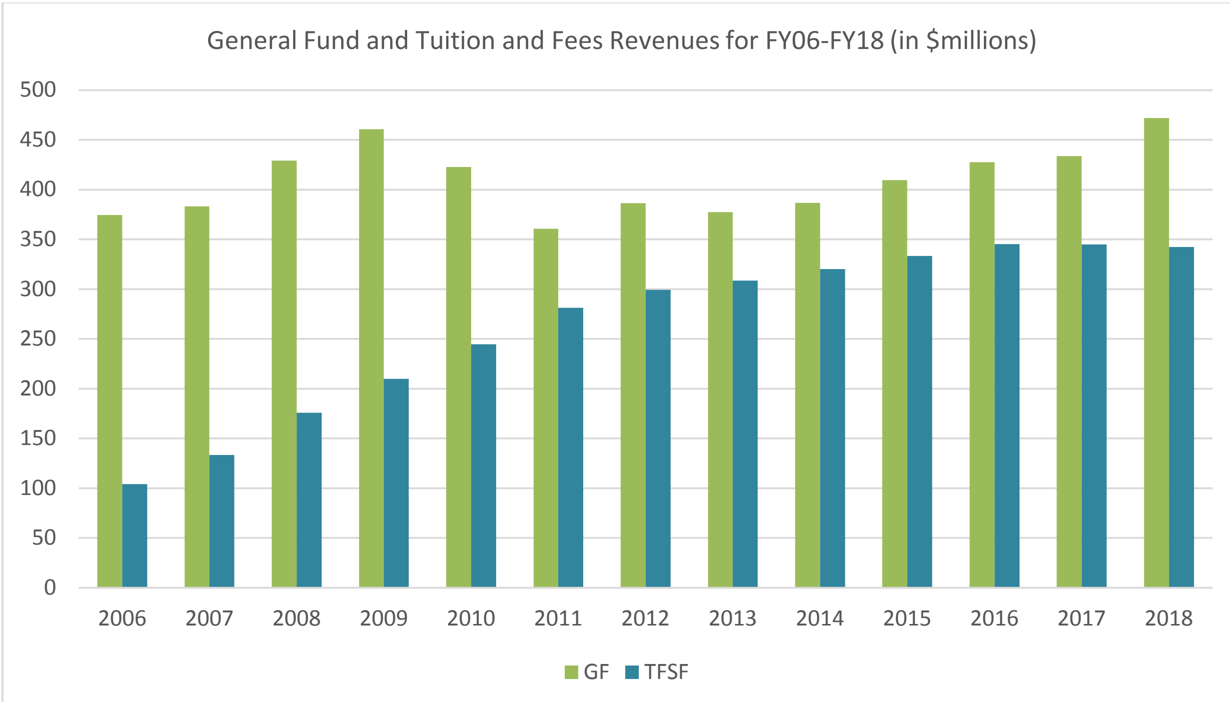
Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$471,841,230	$471,455,820	$385,410	0.1%	$470,162,760	$1,293,060	0.3%
Tuition & Fees	$342,399,419	$345,645,620	($3,246,201)	-0.9%	$348,738,125	($3,092,505)	-0.9%
RTRF	$49,924,845	$47,232,922	$2,691,923	5.7%	$47,856,610	($623,688)	-1.3%
Other Special Funds	$131,025,681	$132,054,007	($1,028,326)	-0.8%	$151,629,090	($19,575,083)	-12.9%
Other Revolving Funds	$37,750,462	$36,251,102	$1,499,360	4.1%	$37,837,056	($1,585,954)	-4.2%
Appropriated Federal Funds	$9,648,191	$7,078,725	$2,569,466	36.3%	$8,449,322	($1,370,597)	-16.2%
Total Revenues	**$1,042,589,828**	**$1,039,718,196**	**$2,871,632**	**0.3%**	**$1,064,672,963**	**($24,954,767)**	**-2.3%**

Revenues are projected to grow by $2.8 million, or 0.3% in FY18 versus actual FY17 revenues. FY17 actual revenues were $24.9 million, or 2.3%, lower than projections. This is largely attributable to a difference in recording income for two funds in the Other Special Funds category. FY17 projections included the income from the Cigarette Tax and Barrel Tax as revenues, but they were instead recorded as transfers during execution. This resulted in a $16.4 million difference. Going forward, the FY18 budget projects this income as transfers which will align with how the money is actually recorded when received by UH.

General Fund revenues are projected to grow by only 0.1%. Although additional funding for collective bargaining (HGEA) and legislative initiatives were appropriated for FY18, they are offset by a 10% restriction by the Governor on discretionary funds. For reference, the Governor imposed a 5% restriction on discretionary funds for FY17.

Tuition and Fees Special Fund (TFSF) Revenues are projected to decrease by $3.2 million, or 0.9% in FY18, due to many campuses projecting flat or slightly declining enrollment for FY18. For the first time in over a decade, there is also no tuition rate increase for FY18 to potentially offset any decline in enrollment.

The following chart shows historic revenues for FY06 through FY17 and projected revenues for FY18 for General Fund and TFSF:



SYSTEMWIDE EXPENDITURES

Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$605,280,256	$593,719,538	$11,560,718	1.9%	$599,388,034	($5,668,496)	-0.9%
Lecturer Payroll	$39,362,165	$39,972,828	($610,663)	-1.5%	$39,832,870	$139,958	0.4%
Student Help Payroll	$21,290,152	$20,183,322	$1,106,830	5.5%	$20,196,471	($13,149)	-0.1%
Other Personnel	$14,049,815	$8,364,705	$5,685,110	68.0%	$11,049,814	($2,685,109)	-24.3%
Subtotal Personnel	*$679,982,388*	*$662,240,393*	*$17,741,995*	*2.7%*	*$670,467,189*	*($8,226,796)*	*-1.2%*
Utilities	$62,442,466	$61,904,138	$538,328	0.9%	$66,594,024	($4,689,886)	-7.0%
Scholarships, Tuition	$62,823,890	$61,288,877	$1,535,013	2.5%	$62,590,536	($1,301,659)	-2.1%
Other Operating Expenses	$243,143,616	$209,809,840	$33,333,776	15.9%	$250,182,788	($40,372,948)	-16.1%
Subtotal Other	*$368,409,972*	*$333,002,855*	*$35,407,117*	*10.6%*	*$379,367,348*	*($46,364,493)*	*-12.2%*
Total Expenditures	**$1,048,392,360**	**$995,243,248**	**$53,149,112**	**5.3%**	**$1,049,834,537**	**($54,591,289)**	**-5.2%**

Expenditures are projected to increase in FY18 by 5.3% compared to actual FY17 expenditures. Personnel increases are largely due to collective bargaining increases. Other Operating Expenses are showing a sizable increase compared to FY17 actual expenditures, but are below FY17 projections. These increases are largely attributable to one-time expenses for R&M and equipment and investments in enrollment management and student recruitment and retention. When comparing the total expenditure budget for FY18 to the FY17 budget, there is only an increase of $642,382, or 0.061%.

SYSTEMWIDE NET OPERATING INCOME

Net Operating Income	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$0	$3,059	($3,059)	-100.0%	$0	$3,059	
Tuition & Fees	($3,199,264)	$24,334,278	($27,533,542)	-113.1%	($2,321,900)	$26,656,178	-1148.0%
RTRF	($7,107,815)	($3,190,589)	($3,917,226)	122.8%	($2,178,703)	($1,011,886)	46.4%
Other Special Funds	($8,783,262)	$8,053,893	($16,837,155)	-209.1%	($9,365,758)	$17,419,651	-186.0%
Other Revolving Funds	$3,313,381	$5,477,098	($2,163,717)	-39.5%	$2,139,471	$3,337,627	156.0%
Appropriated Federal Funds	$156,122	($1,248,132)	$1,404,254	-112.5%	$177,957	($1,426,089)	-801.4%
Total NOI	**($15,620,838)**	**$33,429,607**	**($49,050,445)**	**-146.7%**	**($11,548,933)**	**$44,978,540**	**-389.5%**

Although a net operating loss of $15.6 million is projected for FY18, this is primarily attributable to one-time investments from certain funds that have sufficient cash balances to handle these losses. From TFSF, the Community Colleges and Hilo are making investments that total $5.9 million. The operating loss attributable to the Research and Training Revolving Fund (RTRF) is primarily a result of conservative budgeting at Mānoa. One-time expenditures for Student Housing ($7 million) and Telecomm ($1.6 million) make up the majority of the operating loss for Other Special Funds, although the fiscal situations of the Cancer Center and the Athletics program still operate at a loss.

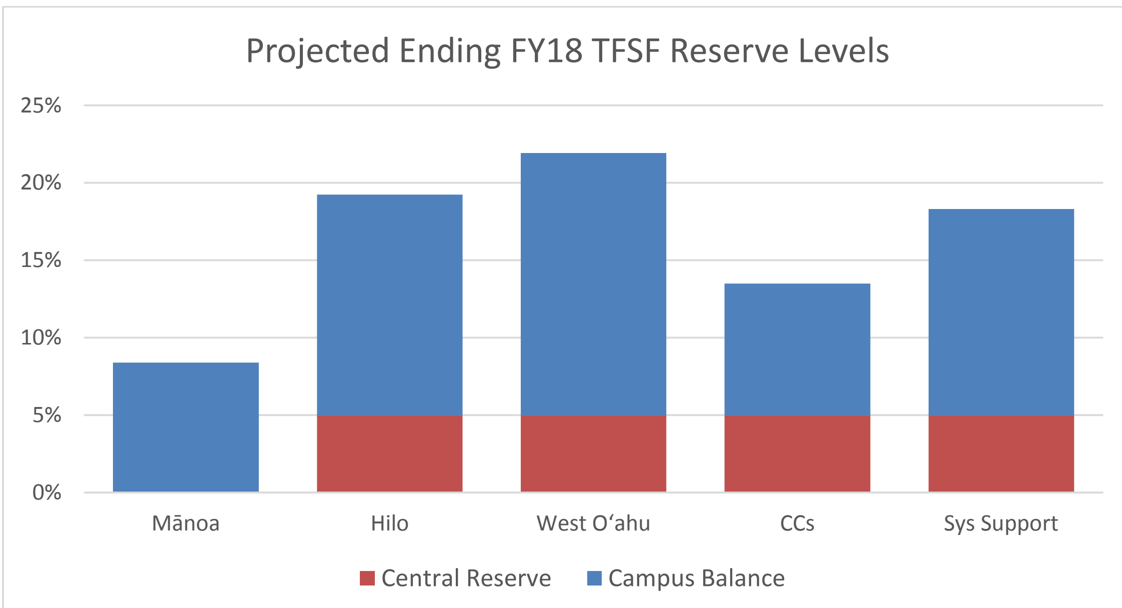
These operating losses are viewed as one-time pre-planned expenditures and are not indicative of structural issues. There are sufficient cash balances in UH's funds to accommodate these operational losses in the short term. Additionally, it is important to recognize that a portion of these cash reserves have specific legal or policy requirements on them which limits their ability to be used for operational expenses. These requirements include bond commitments, repair and replacement reserves, or commitments made for research purposes.

Net Operating Income (All Funds Summary)	FY18 Budget
Net Operating Income	($15,620,838)
Beginning Balance	$241,429,308
Ending Balance	$225,808,470
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	$88,857,958
Revised Ending Balance	$136,950,512
Reserve Requirement (5% Minimum)	$52,258,753
Balance Above Minimum Reserve After Adjustments	**$84,691,759**

TFSF RESERVE LEVELS

Across all UH units, TFSF is projected to have an ending balance of $77.7 million. This amount is above the minimum requirement of $40.6 million. However, the distribution of these reserve amounts is not equal. The following table shows TFSF balances at the end of FY18:

Campus	FY18 Ending	Held at System
Mānoa	$ 38,055,945	
Hilo	$ 10,491,710	$ 3,462,263
West O'ahu	$ 5,652,501	$ 1,526,746
Community Colleges	$ 17,472,933	$ 10,067,202
Systemwide Support	$ 6,043,821	$ 2,202,868
Total	**$ 77,716,910**	**$ 17,259,079**



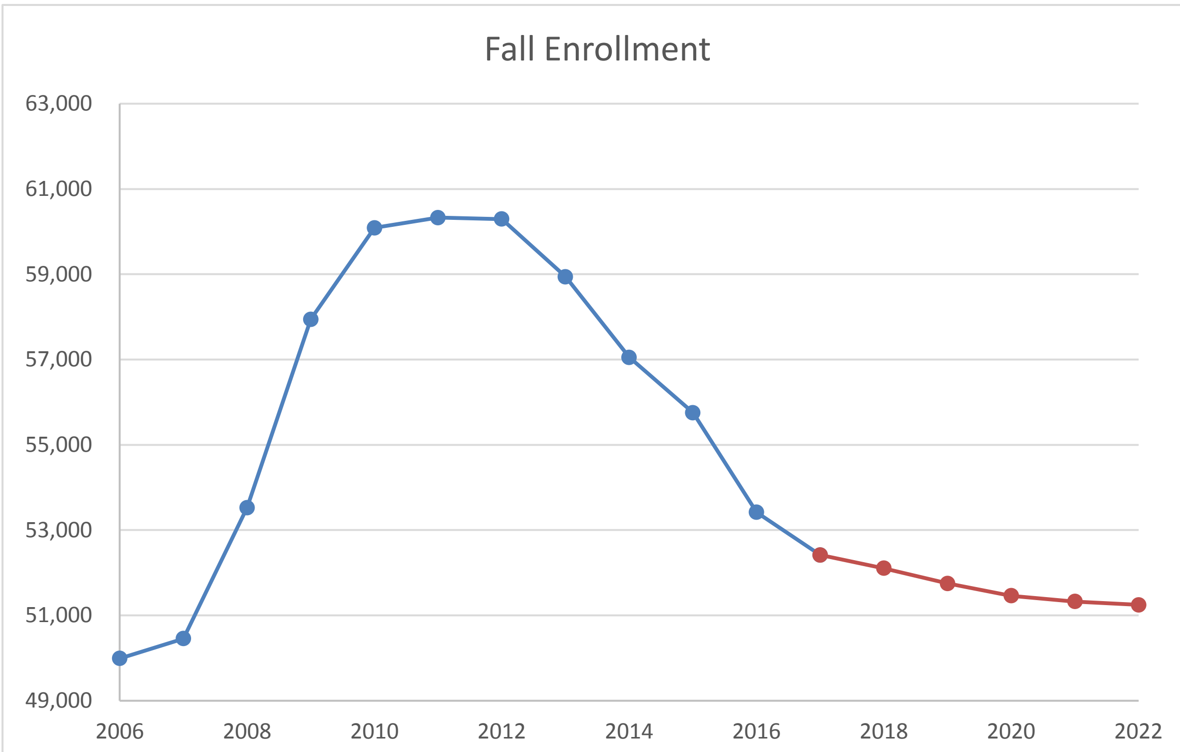
PERFORMANCE FUNDING

In determining the awards of the $6.3 million appropriated for performance funding, only $3.8 million was earned by the campuses. Where campuses failed to meet individual targets, that money remained with System and totals to $2.4 million where it will be used to implement systemwide initiatives described below to benefit campuses in achieving future performance goals.

At the campus level, performance funding earned will be used primarily to advance performance on the UH metrics through activities intended to improve recruitment, retention and student success. Additional details regarding performance funding can be found within each unit's respective section.

SYSTEMWIDE ENROLLMENT

The University projects an overall decline in enrollment of approximately 2% for FY18. This continues the downward trend in recent years. Current projections show very slight declines for next several years: -0.6% for Fall 2018 and -0.7% for Fall 2019 with declines decreasing for the next several years through 2022.



UH is taking steps at the system and campus levels to aggressively pursue enrollment strategies to stop the decline and increase enrollment sooner rather than later. These efforts include increased communication and engagement of students, increased marketing and promotion of UH to prospective students both locally and abroad, additional efforts in student retention, and restructuring of management to elevate and promote enrollment strategies. Additional information may be found in each unit's respective section, including Systemwide Administration.

ECONOMIC OUTLOOK

In its Quarterly Statistical & Economic Report[2] (QSER) for the 2nd Quarter of 2017, the Department of Business, Economic Development, & Tourism (DBEDT), noted that the state's economy is "expected to continue positive growth for 2017 and 2018." Real GDP is projected to grow by 1.9% in 2017 and real GDP growth for 2018 is forecast at 1.7%. Unemployment is projected to be 2.9% for 2017.

[2] http://dbedt.hawaii.gov/economic/qser/outlook-economy/

However, in Executive Memorandum No. 17-01, dated June 22, 2017, Governor Ige notes that the "State's overall economic growth has slowed and general fund tax revenue collections are lower than previously expected." This same Memorandum delineates the 10% restriction on the discretionary portion of the State's general fund appropriations. For UH, this is approximately $8.8 million. For FY17, the Governor had imposed a 5% restriction, or roughly half of the amount projected for FY18.

CONCLUSION

Revenues appear to be plateauing in the near term. UH should not expect significant increases in its two largest contributors of revenue – the State General Fund and tuition. Any General Fund increases will likely be for collective bargaining increases or earmarked for specific initiatives, such as Hawaiʻi Promise. UH is actively pursuing enrollment management strategies to increase recruitment and retention, but this will not be a source of significant new revenue in FY18 or the next year or two. Additionally, any additional revenue from the approved tuition rate increase in the FY19 and FY20 is committed to be spent on campus facilities and will not support operational expense increases.

Although the FY18 budget shows a net operating loss of $15.6 million, the losses come from specific funds at specific campuses that have sufficient reserves. These losses are primarily attributable to one-time planned expenditures, and are not indicative of a structural deficit. Administration will continue to monitor revenues and expenditures on a quarterly basis for any variances which may negatively impact UH's fiscal condition.

University of Hawaiʻi at Mānoa

The University of Hawai'i at Mānoa is the 'flagship' campus of the system, combining world-class research with graduate and undergraduate education. UH Mānoa houses the state's only medical school, law school, and school of architecture. It provides distinctive professional degrees through schools in education, business, engineering, nursing, and social work. It also offers doctoral programs in major intellectual disciplines. As a land-, sea-, and space-grant university, UH Mānoa has unique responsibilities and opportunities to deliver applied research and education programs that are relevant to the pressing needs of our State and the nation. Mānoa's original college, the College of Tropical Agriculture and Human Resources, has the state-wide responsibility of operating extension offices across the islands that connect the University to local communities.

Strategic planning over the past several years has provided the campus with a roadmap for budget strategies and priorities over the next five years. As detailed below, we are embarking on an implementation process with the goal of improving the Mānoa experience for all.

STRATEGIC INVESTMENTS

UH Mānoa has identified $2 million in funding that will be reallocated to make strategic investments and complement existing initiatives to advance the campus academically and financially. In addition, performance funding will be partially deployed to advance Mānoa's performance on the university's metrics in these areas. Details of these investments will be publicly announced throughout FY18, and a written summary of planned deliverables will be provided by the end of calendar year 2018. These financial investments will also be supported through the new centralized position control process implemented by the campus last academic year to ensure that new hires are aligned with campus strategies and priorities.

Strategic Research and Education Investments

Strategic investments in research and educational programs are intended to be revenue-generating and responsive to State needs. Investments are planned to be deployed on October 1, 2017 with the expectation of full expenditure by September 30, 2018. Target areas for investment were developed over the past year and communicated openly and transparently with the campus. Meetings with campus leadership (Deans and Directors) to discuss this initiative began in June 2017, and several working groups have been established to develop research and education programs in three areas:

- Sustainability and Resilience
- Microbiome
- Data Sciences/Analytics

These projects will be strongly multi-disciplinary, crossing traditional campus siloes. They are intended to either capitalize on areas in which UH Mānoa already possesses significant strength across units, or areas in which by virtue of our mission and location, we must be stronger. A top-down / bottom-up approach is guiding the process. These initiatives will focus on developing capacity and outcomes including: new and promising academic programs at all levels, including certificate programs; highly competitive multi-unit multi-disciplinary proposals for submission to agencies, industry, foundations, and donors; and other activities that can elevate the standing of UH Mānoa among the world's premier research universities such as hosting national and international meetings and workshops, and dissemination of information in academic, professional, and popular media outlets.

Strategic Efficiency and Effectiveness Initiatives

We have implemented centralized position control, thereby providing for significantly more agility in our faculty and staff hiring processes, and providing for more campus-wide discussion about strategic hiring. Our emphasis will be on strengthening and growing those areas that are responsive to State needs and that take full advantage of our location, our environment, and our diverse community.

While we are still working on fully stabilizing our operating budget, Mānoa has implemented the first stage of a new budget model. This phase returns tuition revenues to teaching units based on SSH, majors, and degrees. These measures recognize academic program growth and new program development by returning a portion of tuition generated to the performing unit. The new allocation model will be responsive to future enrollment shifts and will also encourage cross-unit teaching by allocating a portion of the tuition revenue to the instructor's locus of tenure rather than just the program host unit. This is just one small first step on a path linking campus finances to outcomes, and will continue with refinement of the model each year. During FY18 we plan to review how to integrate waivers and scholarships more systemically, and bring in Outreach College program offerings.

A new approach to faculty hiring that strongly encourages the appointment of faculty to the Instructional faculty ranks has been established. We have also deployed guidelines and appointment templates for both Instructional and Research faculty that specify minimum expectations for involvement in both education and research/scholarly work. We have increased the expectations for externally-derived salary support for Research faculty.

As shared with the BOR last year, we have now published the workload policies of the Mānoa academic units, and beginning in Fall 2017, we will actively review the implementation of these policies with each Dean down to the department level.

Mānoa has completed a strategic plan and an external review of the research enterprise. Although many of the initiatives described here will in fact contribute to a strengthening of Mānoa's research volume and impact over the next 5 years, we are focused on several critical immediate needs, including 1) administrative support for research at the unit level; 2) improved access to both faculty expertise and research facilities by faculty across the campus; and 3) a stronger integration of research into the student learning experience.

Discussions are underway at Mānoa for a reorganization of the Chancellor's Office to improve focus and effectiveness while promoting efficiencies through shared services. This reorganization is expected to be cost-neutral but will unify student recruitment and retention efforts and more closely align the research and instructional mission of the campus, including bringing the number of distinct reporting lines for Deans from three to one.

Strategic Enrollment Management

Overall enrollment (continuing students, new freshmen, transfer, returning, second degree and new graduate students) has trended downward at an accelerating rate for the past five years. Without intervention, UHM had projected declining enrollment for 2018 at an estimated rate of 2%. This is the basis of the conservative projection for a decrease in tuition revenue. This will be updated when we know the Fall 2017 numbers with greater certainty. The enrollment decline has been due to a multitude of factors that include but are not limited to larger numbers of students graduating, improved 4-year and 5-year graduation rates, static retention and attrition rates, a decline in Community College enrollments and transfers, a decline in Western Undergraduate Exchange (WUE) students, and low unemployment rates in the state and across the nation. Although enrollment has declined slightly, our graduation rates have risen sharply in recent years and continue to improve. For 2016, our 4-year graduation rate was 32.1%, a dramatic improvement from 17.5% in 2009. Our 6-year graduation rate in 2016 was 52.8%, also an improvement from 48% in 2009.

The interim Chancellor has made strategic enrollment management a top priority. While college enrollment is down across the nation, it is clear that UH Mānoa can do much more to increase enrollment, particularly since Hawai'i is one of the states that will experience an increase in high school graduation numbers. Beginning in Spring 2017 the campus has focused on two explicit targets: Short-term: Stop the enrollment decline for Fall 2017; and Longer term: Return to an enrollment of 20,000 by 2020.

Through the Mānoa Strategic Plan, the campus had created a Strategic Planning for Admission and Recruitment Committee (SPARC) and a Student Engagement, Retention and Graduation (SERG) Committee. These were merged to establish the campus Strategic Enrollment Management Committee (SEMC) to begin to holistically address Mānoa's immediate enrollment challenges and opportunities. The SEMC meets weekly and is initially focused on immediate implementation of new and innovative initiatives that will improve the Fall 2017 numbers. This is also bringing together parties that have historically functioned in siloes, each addressing only part of the enrollment management imperative.

During Summer 2017 the SEMC will assess the initiatives launched this year. We will bring in external experts to provide an evaluation and recommendations to aid in the creation of a unified strategic enrollment plan. This is expected to include elements such as coordinated financial aid, improved use of analytics and technology, comprehensive advising, branding and marketing, improved systems, and targeted recruitment. A sensitivity analysis is needed to understand whether and where current tuition rates have become a barrier to enrollment, particularly for non-resident students. Longer term, beginning next academic year, we will leverage the new plan through the campus-wide reorganization that will unify enrollment management. Examples of some of the opportunities we have already noted are briefly described below.

With a focus on addressing the barrier of affordability, we are working to centralize our scholarship awarding and processing rather than continuing a distributed approach in which scores of offices award aid based on their own priorities and interests.

In the areas of branding and marketing, we are securing media/advertising opportunities at key channels and reviewing all marketing materials to ensure consistency in messaging and design. The focus of our digital/online strategies includes continuing to update our admissions pages and University webpages to the consistent design, connecting with targeted constituencies through a parent portal and a high school counselor portal, improved use of videos and imagery, and more extensive use of social media.

In the area of system infrastructure, we are working with ITS to develop crosswalks/scripts to migrate data between third-party databases and Banner. This will include the Common Application and the Coalition Application, our client-relationship management software (CRM) with ability to migrate data and SAT loads into Banner. ITS collaborated with the Office of Graduate Education to create UH's first integrated online graduate application system that includes supplemental materials. Additionally, we will implement an on-line welcome center and interactive campus map.

A key focus for Mānoa is transfer student recruitment, where performance has declined. In this area, we will establish a collaborative transfer student task force with the UH community colleges to identify and remove barriers to transferring to Mānoa. We will administer a Survey of Prospective and Admitted Students for transfer students by working with an external consultant. We will also develop a transfer student website and host Transfer Days specifically for UH Community College students.

Our targeted recruitment efforts include finalizing our California and China recruiters to focus on our California Western Undergraduate Exchange (WUE) and international students, respectively. We are also targeting our military installations for military-connected students. We are developing the marketing for the message "Make Mānoa Yours" to local students and will note that as a Mānoa student they can still travel to the mainland or abroad through our National Student Exchange and Study Abroad programs. Additionally and critically, we will continue to focus on building our local school counselor partnership via free professional development opportunities for school counselors over the summer and hosting more counselor breakfasts for focus group facilitations. At the graduate level, we are continuing to build international partnerships, developing 3+2 pathways and internal 4+1 pathways for our UHM students to earn master's degrees. New and rejuvenated professional Masters programs will also be critical to building graduate enrollment.

Lastly, new efforts to improve campus-wide retention include: fully deploying the Guided Pathways System (GPS), including providing information that drives priority scheduling of the courses students need to graduate; expansion of First Year programming; broader implementation of our early alert system; improved and consistent Advising across the campus and using predictive analytics for targeted intervention.

BUDGET SUMMARY

Overview

For all funds, UH Mānoa shows projected revenues of $616,454,257 with projected expenditures of $622,366,188 and net transfers of $3,296,056. Discussion of the projected net operating loss follows presentation of the summary tables below.

Tuition and Fees Special Fund (TFSF) is projected to have revenues of $220,800,567, expenditures of $171,251,043 and Net Transfers of $48,094,979. This results in a projected net operating gain of $1,454,545.

ALL FUNDS

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$229,455,474	$239,806,640	($10,351,166)	-4.3%	$232,840,913	$6,965,727	3.0%
Tuition & Fees	$220,800,567	$224,323,882	($3,523,315)	-1.6%	$225,844,393	($1,520,511)	-0.7%
RTRF	$29,454,427	$32,319,320	($2,864,893)	-8.9%	$30,044,746	$2,274,574	7.6%
Other Special Funds	$101,709,925	$102,371,263	($661,338)	-0.6%	$121,774,055	($19,402,792)	-15.9%
Other Revolving Funds	$29,632,103	$29,851,169	($219,066)	-0.7%	$30,119,795	($268,626)	-0.9%
Appropriated Federal Funds	$5,401,761	$3,800,077	$1,601,684	42.1%	$4,680,533	($880,456)	-18.8%
Total Revenues	**$616,454,257**	**$632,472,351**	**($16,018,094)**	**-2.5%**	**$645,304,435**	**($12,832,084)**	**-2.0%**

When comparing the projected FY18 budget against FY17 actuals, revenue is expected to decrease by $16.0 million. This is attributed to declines in revenues for all appropriated funds except appropriated federal funds.

Projected FY18 general funds are expected to be lower than projected for FY17 due to a Governor imposed 10% restriction of “discretionary” appropriations in FY18 rather than the 5% in FY17. The remainder of the shortfall is attributed to the amounts that will be transferred from System for Athletics, Title IX and Office of Student Affairs (OSA) which is covered in the Net Transfers section.

Regular term tuition revenue is projected to be lower due to the 5-year trend of declining enrollment, which the Strategic Enrollment Management Team is working to reverse. The decline in RTRF is a result of declining levels of extramural funding and associated indirect costs generated. The Strategic Research Initiative is focused on reversing this decline.

Expenditures

Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$234,337,820	$239,806,635	($5,468,815)	-2.3%	$238,220,819	$1,585,816	0.7%
Tuition & Fees	$171,251,043	$167,784,268	$3,466,775	2.1%	$176,137,827	($8,353,559)	-4.7%
RTRF	$35,872,893	$26,177,303	$9,695,590	37.0%	$34,551,292	($8,373,989)	-24.2%
Other Special Funds	$148,355,291	$131,993,584	$16,361,707	12.4%	$148,539,036	($16,545,452)	-11.1%
Other Revolving Funds	$27,303,502	$26,035,949	$1,267,553	4.9%	$27,458,872	($1,422,923)	-5.2%
Appropriated Federal Funds	$5,245,639	$5,048,209	$197,430	3.9%	$4,492,076	$556,133	12.4%
Total Expenditures	**$622,366,188**	**$596,845,948**	**$25,520,240**	**4.3%**	**$629,399,922**	**($32,553,974)**	**-5.2%**

Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$362,161,928	$355,192,223	$6,969,705	2.0%	$357,797,897	($2,605,674)	-0.7%
Lecturer Payroll	$9,300,603	$10,823,473	($1,522,870)	-14.1%	$10,283,970	$539,503	5.2%
Student Help Payroll	$11,889,773	$11,531,191	$358,582	3.1%	$10,997,146	$534,045	4.9%
Other Personnel	$8,476,513	$2,784,595	$5,691,918	204.4%	$6,173,076	($3,388,481)	-54.9%
Subtotal Personnel	*$391,828,817*	*$380,331,482*	*$11,497,335*	*3.0%*	*$385,252,089*	*($4,920,607)*	*-1.3%*
Utilities	$43,643,335	$45,327,124	($1,683,789)	-3.7%	$48,123,222	($2,796,098)	-5.8%
Scholarships, Tuition	$41,036,933	$41,726,268	($689,335)	-1.7%	$42,493,648	($767,380)	-1.8%
Other Operating Expenses	$145,857,103	$129,461,075	$16,396,028	12.7%	$153,530,963	($24,069,888)	-15.7%
Subtotal Other	*$230,537,371*	*$216,514,467*	*$14,022,904*	*6.5%*	*$244,147,833*	*($27,633,366)*	*-11.3%*
Total Expenditures	**$622,366,188**	**$596,845,949**	**$25,520,239**	**4.3%**	**$629,399,922**	**($32,553,973)**	**-5.2%**

Projected FY18 expenditures compared against FY17 actual expenditures are projected to increase by 4.3% or $25,520,240. A significant portion of the increase in expenditures is due to increases in non-General funded personnel costs due to collective bargaining cost increases. Planned one-time expenditures for repairs and maintenance, and conservative projection of committed RTRF expenditures (e.g., startup costs) are the reason for the projected increase in other operating expenditure increases.

Net Transfers (Out)

Net Transfers	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	($4,882,346)	$0	($4,882,346)		($5,379,906)	$5,379,906	-100.0%
Tuition & Fees	$48,094,979	$47,074,963	$1,020,016	2.2%	$44,401,036	$2,673,927	6.0%
RTRF	($600,501)	$1,924,775	($2,525,276)	-131.2%	($3,270,211)	$5,194,986	-158.9%
Other Special Funds	($38,967,076)	($37,359,368)	($1,607,708)	4.3%	($18,293,486)	($19,065,882)	104.2%
Other Revolving Funds	($349,000)	($134,255)	($214,745)	160.0%	$1,697,000	($1,831,255)	-107.9%
Appropriated Federal Funds	$0	$0	$0		$0	$0	
Total Net Transfers	**$3,296,056**	**$11,506,115**	**($8,210,059)**	**-71.4%**	**$19,154,433**	**($7,648,318)**	**-39.9%**

Net Transfers are the net effect of transfer of funds out of a fund less the transfer of funds into an account. A positive net transfer amount constitutes money going out of a fund category; negative transfers represent transfers in to the specific UH Mānoa fund category.

General fund transfers represent the transfer in of General funds appropriated to the UH System for UH Mānoa purposes, e.g., for UH Mānoa Athletics and Title IX expenses.

Tuition transfers out include transfers for scholarships of $36.9 million into the Scholarship and Assistance special fund (in other special funds), UH System assessments for shared services ($9.0 million) and Outreach College transfers to cover Non-Credit operating shortfall ($1 million).

Other special funds have a net transfer in effect due to the transfer of funds for scholarships from tuition and transfers in from the State. There are transfers out for debt service payments to the bond system which make up the difference. Debt service payments also constitute the transfer (out) amount listed for RTRF.

Net Operating Gain (Loss)

Net Operating Income	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$0	$0	$0		$0	$0	
Tuition & Fees	$1,454,545	$9,464,651	($8,010,106)	-84.6%	$5,305,530	$4,159,121	78.4%
RTRF	($5,817,965)	$4,217,241	($10,035,206)	-238.0%	($1,236,335)	$5,453,576	-441.1%
Other Special Funds	($7,678,290)	$7,737,047	($15,415,337)	-199.2%	($8,471,495)	$16,208,542	-191.3%
Other Revolving Funds	$2,677,601	$3,949,475	($1,271,874)	-32.2%	$963,923	$2,985,552	309.7%
Appropriated Federal Funds	$156,122	($1,248,131)	$1,404,253	-112.5%	$188,457	($1,436,588)	-762.3%
Total NOI	**($9,207,987)**	**$24,120,283**	**($33,328,270)**	**-138.2%**	**($3,249,920)**	**$27,370,203**	**-842.2%**

Net Operating is the difference between Revenue and the combined amount of Expenditures and Net Transfers (out).

For FY18, TFSF is projected to have a smaller net operating gain in comparison to FY17 actuals, due to the projection of declining enrollment utilized and a conservative projection of Outreach and Summer tuition revenue. The variance from FY17 actuals is attributed to $3.5 million decrease in projected regular term revenue, $3.5 million projected increase in expenditures, and $1 million increase in net transfers that are not expected to be realized in FY18. The net operating gain in FY17 was due to several factors. Revenues were conservatively projected in Outreach in FY17, and units also spent less than projected. The result was a significantly larger than projected actual FY17 net operating revenue, which contributed to the healthy financial performance. Using a conservative approach to budgeting, the revenue projection for FY18 is projected to be lower for regular term tuition and flat for Outreach summer and credit programs. Expenditures are expected to be higher than what was actually expended in FY17, however, expenditures and net transfers are expected to be within the projected revenue amount.

RTRF is again conservatively projected. Units generally fully allocate out RTRF for expenses such as startup packages and other research initiatives. The expenditures generally take place over a multi-year period, but because they are fully allocated and the timing of the expenditures is difficult to determine, it is safer to project that all RTRF funds allocated in prior years will be spent in the coming year, in addition to a portion of the RTRF funds allocated in the current year. Although historically RTRF actual expenditures have not risen to this level, the projection for FY18 takes the most conservative approach. Over the next year Mānoa will be attempting to develop a more accurate approach to RTRF budget projections that can leverage the new approach to provide more guidance in offer letters with startup package commitments.

For Other Special funds, the amount of revenues projected were lower than actual in FY17. Actual expenditures and net transfers in FY17 were lower than projections. This combined effect resulted in a higher than expected net operating gain. In FY18, the amount is projected to be a $7.7 million deficit mostly due to two factors. First is the continued operating deficits in Athletics and the Cancer Center, which have been highlighted in ongoing discussions and are discussed below. The other factor is the planned expenditures for one-time repair and replacement costs in Student Housing and Telecom, consistent with standard practice to “save up” over several years for significant repair and maintenance projects.

Net Operating Income (All Funds Summary)	FY18 Budget
Net Operating Income	($9,207,986)
Beginning Balance	$149,040,178
Ending Balance	$139,832,192
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	$80,557,958
Revised Ending Balance	$59,274,234
Reserve Requirement (5% Minimum)	$31,264,948
Balance Above Minimum Reserve After Adjustments	**$28,009,286**

Looking at the Net Operating Balance across all funds, after the projected net operating loss of $9.2 million, Mānoa is projected to have an ending balance of $139.8 million. Much of this balance is already committed in the form of bond covenant requirements, repair and replacement (R&R) reserve requirements ($43.9 million), RTRF commitments ($14.1 million), and unallocated/unearened Outreach tuition funds ($22.5 million). The total of those adjustments is projected to be $80.6 million in FY18. This revises the projected ending balance to be $59.3 million, which remains well above the 5% minimum reserve although short of the 16% target reserve level of $100 million.

GENERAL FUNDS

Mānoa uses General Funds primarily to fund permanent personnel expenditures. General Fund revenues show a decrease of $10.4 million, or 4.32%, mostly due to a 10% restriction on discretionary appropriations imposed by the governor for the FY18 fiscal year. Mānoa is anticipating receiving transfers from UH System for Athletics, Academy for Creative Media, and Student Services, and they will be reflected in individual units at that time. These amounts are reflected in the net transfer amount as a negative amount as they are net transfers in from System.

The General Funds revenue for FY18 has been augmented with $1.998 million in performance funding. This performance funding will be allocated to academic departments to support adequate access to core sections and high demand courses, and to Office of Student Services and Office of Undergraduate Education to improve retention rates and increase student recruitment activities

TUITION AND FEES SPECIAL FUND

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Tuition & Fees	$220,800,567	$224,323,882	($3,523,315)	-1.6%	$225,844,393	($1,520,511)	-0.7%

FY18 Regular Term tuition is projected to be $3.5 million less than what was projected in FY17. Regular term tuition revenues are projected to be about $3.5 million less than FY17, while Summer and Outreach Credit programs are projecting the same amount of revenue as FY17.

Expenditures

TFSF Expenditures & Net Transfers	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$80,462,995	$69,967,309	$10,495,686	15.0%	$77,712,665	($7,745,356)	-10.0%
Lecturer Payroll	$9,043,623	$10,297,814	($1,254,191)	-12.2%	$9,612,181	$685,633	7.1%
Student Help Payroll	$5,074,789	$5,386,695	($311,906)	-5.8%	$5,121,054	$265,641	5.2%
Other Personnel	$2,796,884	$1,416,064	$1,380,820	97.5%	$2,003,156	($587,092)	-29.3%
Subtotal Personnel	*$97,378,291*	*$87,067,882*	*$10,310,409*	*11.8%*	*$94,449,056*	*($7,381,174)*	*-7.8%*
Utilities	$30,363,662	$29,049,593	$1,314,069	4.5%	$32,323,794	($3,274,201)	-10.1%
Scholarships, Tuition	$842,310	$1,413,640	($571,330)	-40.4%	$1,143,953	$269,687	23.6%
Other Operating Expenses	$42,666,770	$50,234,578	($7,567,808)	-15.1%	$48,221,025	$2,013,553	4.2%
Subtotal Other	*$73,872,742*	*$80,697,811*	*($6,825,069)*	*-8.5%*	*$81,688,772*	*($990,961)*	*-1.2%*
Total Exp & Net Xfers	**$171,251,033**	**$167,765,693**	**$3,485,340**	**2.1%**	**$176,137,828**	**($8,372,135)**	**-4.8%**
Net Transfers	$48,094,979	$47,074,963	$1,020,016	2.2%	$44,401,036	$2,673,927	6.0%
Total Exp & Net Xfers	**$219,346,012**	**$214,840,656**	**$4,505,356**	**2.1%**	**$220,538,864**	**($5,698,208)**	**-2.6%**

The FY18 projected expenditures are expected to increase by about 2.1% in comparison to FY17 actuals. Increases in personnel expenditures can be attributed to increased collective bargaining and fringe costs which are partially offset by decreases in other expenditures. FY18 utilities are projected to be stable due to relatively stable utilities rates and ongoing energy efficiency initiatives.

The variance between FY17's budget and actuals can be attributed to the timing of the budget preparation and the information that was available at that time. Units may have projected to spend up to their allocations but actually did not. Because these budget projections are made at a point in time and do not change given changes to actual revenue, allocations, appropriations and other factors, the variance between budget years can be significant. Units were directed to spend only within their current year allocated funds in an effort to stabilize campus reserves, which has been accomplished. Units achieved this by controlling new hires and postponing operating costs unless they were emergencies.

Net Operating Gain (Loss)

Net Operating Income (TFSF)	FY18 Budget
Net Operating Income	$1,454,545
Beginning Balance	$36,601,400
Ending Balance	$38,055,945
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	$22,515,152
Revised Ending Balance	$15,540,793
Reserve Requirement (5% Minimum)	$22,684,192
Balance Above Minimum Reserve After Adjustments	**($7,143,399)**

As a result of the decline in expenditures, net operating income for TFSF is positive by approximately $1.5 million, which places the TFSF ending balance above the 5% minimum reserve requirement outlined in Executive Policy. However, to reflect the balance more accurately, tuition should be separated into the different types of tuition collected on the campus: regular term, summer session and extension programs. This would show that regular term programs are still in overall deficit, and Summer and Outreach Credit programs showing a positive balance. Separating out the Outreach Summer and Credit programs as an Other Reserve Requirement shows the true ending balance since the Outreach Summer and Credit program balances have not either been earned yet or proceeds were not yet distributed. Because units are reducing the level of expenditures and fewer units have cost overruns, the level of deficit has been declining over the years while compensating for the effects of lower revenue due to enrollment declines.

OTHER SPECIAL FUNDS

Other Special Funds at Mānoa show a net operating loss of $7.7 million for FY18. There are some special funds that are projecting to have positive net operating balances, however there are funds that are projecting to have net operating losses that exceed those gains. This is attributable primarily to four funds: Office of Student Affairs, Telecom, Cancer Center, and Athletics.

Office of Student Affairs

Student Housing is anticipating large repair and replacement costs in FY18 for planned renovations. These include renovations and costs for Hale Noelani Renovation ($5 million), Frear Hall Coil Units & Bathroom Fan Replacements ($1 million), Atherton Renovation ($1 million) and INK Payment ($94,018); for a total of around $7 million. These amounts are coming from their repair and replacement special fund established for Student Housing and are well within their available balance and reserve requirements. Their resulting projected ending balance is $14.9 million, which is above their 5% reserve minimum of $189,701.

Telecomm

Telecomm is projecting to have networking and telephone upgrades in FY18 to be paid from their Telecomm Repair and Replacement Special Fund. The planned upgrades are expected to cost about $1.6 million and represent the approach of saving up over a multi-year period for major expenditures. The resulting balance in their special fund will be $1.3 million, which is above their 5% reserve minimum of $54,553.

Athletics

As regularly reported upon, Athletics continues to show a structural operating deficit each year. That operating deficit was reduced to approximately $3 million in FY17. This is partly the result of a legislative appropriation to the UH System for Athletics of an additional $3 million, of which $2.7 million was allocated to Mānoa and will be transferred in. Projected expenditures for FY18 are fairly consistent with the actual expenditures from FY17.

The Athletics Director has been charged to restore the program to at least breakeven annual operations by FY20. The Athletics Director is looking at a variety of options to increase revenues and decrease expenditures. These include achieving additional efficiencies within the Athletics Department, and a number of revenue enhancement measures including the new apparel contract, a pending new multi-media contract, an improved retailing strategy, increased philanthropy, and potentially scheduling an additional football game each year.

In addition to eliminating the annual operating deficit in Athletics by FY20, The UH Mānoa campus is beginning in FY18 to pay down the large Athletics debt that was "forgiven" by a previous Chancellor. This is currently planned to be completed over a 20-year period.

Cancer Center

While the Cancer Center Special Fund shows a positive fund balance, the Center operates with a substantial annual operating deficit as the cigarette tax revenues pledged to the Center by the State have declined. The Center has maintained its positive balance due to what began as extremely healthy reserves, although at the present rate of operating deficit the reserves will be exhausted by FY21. UH has for several years requested that the Legislature restore the State's level of financial commitment to the Center, but that has not been unsuccessful. For FY18, the Center is projected to decrease its operating deficit to $5.6 million from as much as $9.5 million in previous years.

Mānoa is committed to maintaining an NCI-designated Cancer Center for the State of Hawaiʻi and is developing a comprehensive financial stabilization strategy. The Cancer Center now receives all the campus RTRF allocation generated by the Center. This provides approximately $1 million in additional funding annually and is expected to increase as research awards increase; the Center received approximately $4 million more in extramural funding in FY17 than FY16, an increase of approximately 16%. A previous Chancellor authorized a previous Cancer Center Director to pay salaries of a number of permanent appropriated positions from the cigarette tax fund, which was originally expected to be used for debt service on the construction of the Cancer Center building, operating expenses, faculty start-up packages and non-recurring costs. UH Mānoa is providing the Cancer Center in FY18 with General Funded permanent appropriated positions at the level expended in FY17. This not only relieves some of the operating deficit for salaries but also fringe benefits, so this $2.1 million investment saves the Cancer Center Special Fund over $3.1 million. And while the Legislature has not restored funding for the Cancer Center, the Governor has been supportive and released $2.4 million of funding in FY17 that had been previously restricted from the campus specifically in order to support the Cancer Center. With the improved climate in and around the Cancer Center, we are poised for a renewed initiative around philanthropy. And while not expected during FY18, work is underway on a strategy to build out the "shelled" space and generate revenue.

The stabilization strategy also includes tighter cost management by the new Director. As one example, the Director noted the high cost of many ad hoc repairs so the Center is now entering into maintenance contracts for major equipment to reduce operating expenses. With the support of the UH System, the Cancer Center is also moderating its payments into the Maintenance Reserve Fund for the Cancer Center Building. A review of staffing levels is under way to identify opportunities for improving efficiency. And UH Mānoa will be reviewing how utility costs are addressed for major off-campus facilities, such as Kakaʻako.

RESEARCH AND TRAINING REVOLVING FUND

The Research and Training Revolving Fund shows a Net Operating Loss of $5.8 million for FY18 but maintains a healthy balance. Many units are projecting to maintain expenditure levels in FY18, even as revenue declines, but consistent with their operating balances. These expenditures are necessary to fulfill commitments to faculty for start-up packages, cost sharing for extramural awards, equipment repair, faculty travel costs, and pilot projects. Such expenditures are essential as we work to restore and increase levels of extramural productivity.

University of Hawaiʻi at Hilo

UH Hilo is a comprehensive, regional university serving 3,666 students on a 115-acre main campus. The primary focus of the campus is on providing high quality baccalaureate and select postgraduate education. In carrying out this mission, UH Hilo offers 36 undergraduate degrees, 7 graduate degrees, and 4 doctoral programs that take advantage of the unique physical and social characteristics of the island, attracting and serving students who are qualified for baccalaureate entry and seek opportunities for highly engaging and experiential learning. This includes first-generation and non-traditional students, some of whom attend part-time. Scholarship and research are an important part of faculty work and enhance student engagement in the unique learning environment of Hawaiʻi Island.

While a primary target for UH Hilo is residents of Hawaiʻi Island, the quality programs are attractive to prospective students from other islands, the Pacific, the mainland U.S. and other countries. University-bound students from Oʻahu in particular may select UH Hilo not only for its distinctive undergraduate programs but also for its more rural setting, affordability, intimate character, and/or to leave home without leaving the state.

Through redeployment of resources, UH Hilo's budget planning for FY18 reflects strategic enrollment management priorities of recruitment, retention, and co-curricular program development with focus on target populations. Our budget planning also reflects longer term priorities for energy efficiency and modernized learning spaces.

ALL FUNDS

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$34,575,075	$35,233,055	($657,980)	-1.9%	$34,635,167	$597,888	1.7%
Tuition & Fees	$36,632,748	$36,887,139	($254,391)	-0.7%	$38,094,416	($1,207,277)	-3.2%
RTRF	$3,438,896	$3,828,088	($389,192)	-10.2%	$3,892,458	($64,370)	-1.7%
Other Special Funds	$7,688,554	$7,814,333	($125,779)	-1.6%	$7,653,614	$160,719	2.1%
Other Revolving Funds	$2,459,022	$2,302,475	$156,547	6.8%	$2,362,161	($59,686)	-2.5%
Appropriated Federal Funds	$291,557	$341,298	($49,741)	-14.6%	$291,557	$49,741	17.1%
Total Revenues	**$85,085,852**	**$86,406,388**	**($1,320,536)**	**-1.5%**	**$86,929,373**	**($522,985)**	**-0.6%**

Across all funds, revenues are projected to decrease by 1.5% when compared to actual FY17 collections. The projected 1.9% decrease in General Fund revenue is due to a Governor imposed 10% restriction of "discretionary" appropriations for FY18, rather than the 5% in FY17. Tuition and Fees revenues are projected to decrease by 0.7%, attributable to a projected 1.20% enrollment decline. RTRF is projected to decline by 10.2% due to the Pharm2Pharm grant expiring and also a general decline in extramural funding.

Expenditures

Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$43,592,527	$42,969,926	$622,601	1.4%	$44,135,657	($1,165,731)	-2.6%
Lecturer Payroll	$3,214,202	$3,142,174	$72,028	2.3%	$2,609,567	$532,607	20.4%
Student Help Payroll	$2,643,486	$2,299,591	$343,895	15.0%	$2,491,711	($192,120)	-7.7%
Other Personnel	$1,492,133	$1,599,734	($107,601)	-6.7%	$1,535,679	$64,055	4.2%
Subtotal Personnel	*$50,942,348*	*$50,011,425*	*$930,923*	*1.9%*	*$50,772,614*	*($761,189)*	*-1.5%*
Utilities	$6,088,326	$4,363,887	$1,724,439	39.5%	$5,732,814	($1,368,927)	-23.9%
Scholarships, Tuition	$7,287,000	$7,319,904	($32,904)	-0.4%	$7,286,552	$33,352	0.5%
Other Operating Expenses	$20,333,096	$18,436,434	$1,896,662	10.3%	$23,878,956	($5,442,522)	-22.8%
Subtotal Other	*$33,708,422*	*$30,120,225*	*$3,588,197*	*11.9%*	*$36,898,322*	*($6,778,097)*	*-18.4%*
Total Expenditures	**$84,650,770**	**$80,131,650**	**$4,519,120**	**5.6%**	**$87,670,936**	**($7,539,286)**	**-8.6%**

Expenditures are projected to increase in FY18 by 5.6% compared to actual FY17 expenditures, but 3.44% less than budgeted in FY17. Student help payroll is projected to be 15.0% more in FY18 compared to actual in FY17 due to planned funding for peer mentors and student financial assistance through employment, which is part of the work to increase recruitment and retention, as described below. The projected FY18 utilities budget is 39.5% more than actual in FY17 because the budgeted amount is gross of any energy savings realized during the fiscal year, potential rate increase, and reimbursement from other funds. Although other operating expenses seem to increase by 10.3% when compared to actual FY17 expenditures, the actual increase is less than 1.5% when factoring in the encumbrances for FY17 that are carried forward.

Transfers

FY18 is the second year that campuses are receiving funding from the System via transfer based on performance. UH Hilo's **performance based funding** will be used to improve **recruitment, retention, and graduation** outcomes:

- $100,000 for peer mentors with the Freshman Year Experience (FYE) program and Transfer Success Center;
- $30,000 for additional support to student employees in the areas of resume writing, interview skills, phone etiquette, etc. and to assist departmental supervisors as they develop and deliver orientation and training to student employees;
- $25,000 for texting program which will allow UH Hilo to be responsive to students' preferred method of communication as indicated during Fall 2016 Orientation; UH Hilo anticipates text messages will be opened and read at a higher rate than email;
- $95,000 for mixed media campaign to include a 10-week radio campaign across the islands and printed materials to be used by our Admissions team; and
- $190,000 for lecturers in foundational courses essential for student success, retention, and graduation as well as upper division courses which are necessary for timely graduation, especially in large majors.

Net Operating Gain (Loss)

Net Operating Income (All Funds Summary)	FY18 Budget
Net Operating Income	($2,094,161)
Beginning Balance	$21,129,368
Ending Balance	$19,035,207
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	$7,800,000
Revised Ending Balance	$11,235,207
Reserve Requirement (5% Minimum)	$4,363,223
Balance Above Minimum Reserve After Adjustments	**$6,871,984**

Pursuant to Executive Policy EP2.212, a cash balance is maintained by the Revenue Undertaking Special Fund for a repair and replacement reserve. An amount equal to 50% of its depreciation expense for the preceding fiscal year is transferred into this fund for Student Housing, Food Service, and DKICP projects. Balances are also held for reducing the deferred maintenance backlog, repairing, maintaining, and replacing facility and equipment for revenue generating units, i.e. Student Life Center, and improving student engagement and retention. In total, this reserve requirement is $7.8 million. Although UH Hilo proposes to spend $2.1 million more than its revenues for FY18 to cover planned expenditures and to fund one-time expenses described below, the remaining balance of $11,235,207 is still above the minimum threshold.

TUITION AND FEES SPECIAL FUND

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Tuition & Fees	$36,632,748	$36,887,139	($254,391)	-0.7%	$38,094,416	($1,207,277)	-3.2%

Tuition and Fee revenues are 0.7% less than the FY17 actual amount which is attributable to a projected 1.2% enrollment decline.

Expenditures

TFSF Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$7,611,026	$6,688,532	$922,494	13.8%	$8,219,628	($1,531,096)	-18.6%
Lecturer Payroll	$2,931,428	$2,928,297	$3,131	0.1%	$2,442,067	$486,230	19.9%
Student Help Payroll	$1,080,371	$881,931	$198,440	22.5%	$1,000,747	($118,816)	-11.9%
Other Personnel	$1,247,912	$1,249,218	($1,306)	-0.1%	$1,263,996	($14,778)	-1.2%
Subtotal Personnel	*$12,870,737*	*$11,747,978*	*$1,122,759*	*9.6%*	*$12,926,438*	*($1,178,460)*	*-9.1%*
Utilities	$5,082,283	$3,341,079	$1,741,204	52.1%	$4,706,161	($1,365,082)	-29.0%
Scholarships, Tuition	$575,000	$547,703	$27,297	5.0%	$548,952	($1,249)	-0.2%
Other Operating Expenses	$11,785,933	$9,665,603	$2,120,330	21.9%	$14,296,444	($4,630,841)	-32.4%
Subtotal Other	*$17,443,216*	*$13,554,385*	*$3,888,831*	*28.7%*	*$19,551,557*	*($5,997,172)*	*-30.7%*
Total Expenditures	**$30,313,953**	**$25,302,363**	**$5,011,590**	**19.8%**	**$32,477,995**	**($7,175,632)**	**-22.1%**

Although FY18 expenditures are projected to exceed FY17 actual expenditures by $5.0 million, this is still $2.1 million (7.1%) less than FY17 budgeted amounts. Regular employee payroll is planned to be 13.8% more in FY18 compared to actual FY17 due to reduction in the general fund appropriation and collective bargaining increases. Student help payroll is projected to be 22.5% more in FY18 compared to FY17 actual due to planned funding for student financial assistance through employment. The projected FY18 utilities budget is 52.1% more than the actual FY17 actual amount because the budgeted amount is gross of any energy savings realized during the fiscal year, potential rate increase, and reimbursement from other funds. Although other operating expenses seem to increase by 21.9% when compared to actual FY17 expenditures, the actual increase is less than 4.0% when factoring in the encumbrances for FY17.

Net Operating Gain (Loss)

Net Operating Income (TFSF)	**FY18 Budget**
Net Operating Income	($2,135,480)
Beginning Balance	$12,627,190
Ending Balance	$10,491,710
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	$2,000,000
Revised Ending Balance	$8,491,710
Reserve Requirement (5% Minimum)	$3,685,965
Balance Above Minimum Reserve After Adjustments	**$4,805,745**

UH Hilo proposes to spend $2.1 million more than its revenues for FY18 to cover planned commitments and one-time expenses (see below). Even with this net operating loss, UH Hilo's TFSF cash balance is $10.5 million, which represents approximately 14% of annual expenditures. When combined with the amount held centrally at System ($3,462,263), that total represents about 19% of our annual expenditures.

Planned commitments and one-time expenses:

$405,480 - energy efficiency reinvestment

UH Hilo plans to replace all parking lot pole lights from Low Pressure Sodium to bi-level LED. The bi-level LED fixtures with motion sensor would considerably reduce energy consumption.

$1,330,000 – DKICP building modernized learning space completion needs

The College of Pharmacy has been planning for the completion of learning spaces in this project by setting aside their funds in FY2016 ($565,000) and FY17 ($765,000) to procure items needed to complete construction in FY18. A reduction in the original construction project scope had been needed to stay within the appropriated G.O. and revenue bond funded budget.

$200,000 - partial debt service payments for Student Housing

UH Hilo will continue to provide support to Student Housing as reflected in the financial plan submitted to the BOR in May 2017 for UH Hilo's Student Housing repricing request.

$200,000 – financial aid retention through employment

UH Hilo plans to invest up to $200,000 each year for the next 3 years to increase retention and persistence through increased on-campus student employment opportunities. Research indicates that a coordinated on-campus employment program, which engages student employees with their peers as well as faculty and professional staff as mentors and supervisors, would support retention and graduation. Annual assessments will guide continuation and institutionalization of this initiative.

ENROLLMENT MANAGEMENT

While we predict enrollment will continue to decline for FY18, the drop should be smaller than in previous years. We will continue our enrollment management work with an integrated, strategic and holistic approach to student success that will reverse the decline and begin to rebuild enrollment. Through careful planning and continued position control the campus is redeploying resources to support this.

Actions planned for FY18 include:

- We have restructured the College of Arts and Sciences into two colleges, removing an administrative layer between the dean and the faculty to facilitate communication and collaboration for active faculty engagement in retention activities. Resources freed up by the restructuring would be available to support expanded activities. In FY18, we will undertake process modifications for the College of Natural and Health Sciences and the College of Humanities and Social Sciences to become fully functional.

- To lead campus enrollment management efforts, we will redescribe and fill Associate Vice Chancellor positions in each of Academic Affairs and Student Affairs. Through close consultation and collaboration between and among colleges and student support units, these positions will be responsible for updating and implementing the campus enrollment management plan, with focus on coordinated actions to grow retention and enhance recruitment.

- We will place new admissions counselors for West Hawaiʻi and for transfer students, as part of our redesigned marketing strategy and expanded recruitment of freshmen and transfer students from Hawaiʻi Island. We will also expand Neighbor Island, including Oahu, and US mainland counselor visits and open house activities.

- UH Hilo will implement the Common General Education Core utilized by other campuses. We will also use the PASSPORT initiative to improve course articulation based on learning outcomes to facilitate transfers from other campuses and universities.

- We will establish a Transfer Success Center as a one-stop service for transfer credit evaluation, advising and engagement.

- We will place a First Year Experience (FYE) Director to implement an integrated FYE program aimed at increasing freshman retention from 71% to 75% by 2020. Our residential Living Learning Communities for first year students, with peer tutoring and residential programming, will be transitioned from grant funding to institutional funding.

- Building on the success of our peer mentor program in Psychology – Kinesiology and Exercise Science, we will establish a new, discipline-based peer mentor program in Marine Science. Future expansion includes Biology and Health Sciences. These programs engage entering freshmen and transfer students across their first year, and peer mentors help them get a good academic start, especially through peer tutoring in entry-level English and Mathematics.

- The Health Professions Student Center will continue to provide academic planning support that includes major selection, course schedule development, graduate admissions exam preparation and admissions interview practice. Intensive advising by faculty, peers, and alumni will continue in selected majors.

- We will begin using the Starfish student success platform in Spring 2018 and it will be fully implemented in Fall 2018. Starfish is designed to identify students who are beginning to have academic difficulty through an early alert system. It pinpoints areas of concern, connects students with appropriate services and helps assess which services and interventions will keep students on track to persist and graduate.

- Rubrics for applied learning experiences will be developed and pilot tested. These will help departments with integrating applied learning in their programs.

- We will continue our efforts to serve Native Hawaiian students and better prepare them for college. We partner with Kamehameha School for early college programs, outreach to students in West Hawaiʻi, and offer the Kupa ʻAina summer bridge program to the growing Puna area population. We are exploring additional summer bridge program opportunities for students graduating from Hawai'i island high schools and are collaborating with Hawaiian-focused charter schools both on Hawaiʻi island and other islands.

- UH Hilo continues its practice of strategic deployment of hiring for high demand majors and departments; for emerging opportunities such as data science, health and wellness, and agribusiness; and to meet our mission to serve Hawaiʻi.

University of Hawaiʻi West Oʻahu

The University of Hawaiʻi West Oʻahu (UHWO) offers a distinct, student/learner-centered baccalaureate education that integrates liberal arts, social sciences, and STEM with professional and applied fields. As a diverse and inclusive indigenous-serving institution, UHWO embraces Native Hawaiian traditional and cultural practices while simultaneously providing a dynamic learning environment where students of all ethnic backgrounds are valued and have opportunities to learn, discover and innovate, and engage in substantive community programs as they become our 21st Century leaders.

ALL FUNDS

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$15,018,408	$15,790,482	($772,074)	-4.9%	$14,228,567	$1,561,915	11.0%
Tuition & Fees	$17,835,564	$17,330,885	$504,679	2.9%	$16,762,621	$568,264	3.4%
RTRF	$165,500	$190,521	($25,021)	-13.1%	$158,000	$32,521	20.6%
Other Special Funds	$300,000	$320,919	($20,919)	-6.5%	$411,000	($90,081)	-21.9%
Other Revolving Funds	$1,168,000	$960,012	$207,988	21.7%	$1,646,000	($685,988)	-41.7%
Appropriated Federal Funds	$66,000	$30,050	$35,950	119.6%	$61,558	($31,508)	-51.2%
Total Revenues	**$34,553,472**	**$34,622,869**	**($69,397)**	**-0.2%**	**$33,267,746**	**$1,355,123**	**4.1%**

Although the General Fund appropriation increased in FY18 as a result of the transfer of 4 FTE positions for the Academy of Creative Media (ACM) program and 1 FTE for a newly created Title IX compliance case manager position and collective bargaining increases, the overall appropriation is projected to be lower than the FY17 actual amount primarily due to the 10% Governor's restriction. In FY18, General Funds will be augmented with $397,518 in performance funding. Projected performance funding will support prioritized initiatives identified by the Integrated Academic, Enrollment Management, Land Planning, and Facilities (IAEL/F) Work Group to include:

- Enrollment Management Initiatives in particular: Early College Pathways, Retention of Year 2 to Year 3 students, focus on CC transfer and military partnerships
- Distance Education
- Community Partnerships, in particular: Language Learning Instruction, development of academic pathways, Dental Hygiene transfer, and Education Division focus on Teacher Preparation and Certification

In FY17, TFSF revenue exceeded its projections by 3.4% and FY18 projections were adjusted accordingly and also reflect a projected 2% enrollment growth. A projected decrease in Other Special Funds is a result of a decrease in compensation for the ʻUluʻUlu Program and a decrease in the number of non-credit offerings in FY18. Projected revenue for Other Revolving Funds in FY18 was adjusted to reflect a more accurate amount based on FY17 actual revenues received and to include a projected 20% increase in facilities use collections.

Expenditures

Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$19,755,341	$17,934,542	$1,820,799	10.2%	$17,816,686	$117,856	0.7%
Lecturer Payroll	$2,039,320	$2,013,452	$25,868	1.3%	$1,691,000	$322,452	19.1%
Student Help Payroll	$291,500	$234,052	$57,448	24.5%	$407,154	($173,102)	-42.5%
Other Personnel	$356,200	$463,307	($107,107)	-23.1%	$307,000	$156,307	50.9%
Subtotal Personnel	*$22,442,361*	*$20,645,353*	*$1,797,008*	*8.7%*	*$20,221,840*	*$423,513*	*2.1%*
Utilities	$1,136,858	$812,353	$324,505	39.9%	$1,631,000	($818,647)	-50.2%
Scholarships, Tuition	$2,365,000	$2,307,629	$57,371	2.5%	$2,006,188	$301,441	15.0%
Other Operating Expenses	$3,738,316	$2,862,792	$875,524	30.6%	$5,075,999	($2,213,207)	-43.6%
Subtotal Other	*$7,240,174*	*$5,982,774*	*$1,257,400*	*21.0%*	*$8,713,187*	*($2,730,413)*	*-31.3%*
Total Expenditures	**$29,682,535**	**$26,628,127**	**$3,054,408**	**11.5%**	**$28,935,027**	**($2,306,900)**	**-8.0%**

UHWO continues to fill its permanent vacancies and lecturers to provide additional instructional and support services to accommodate the growth in enrollment and program offerings. Student Help projections decreased as the campus will utilize its extramural resources for students. An increase in Other Personnel is due to the hiring of a casual emergency management position projected in FY18. FY18 projections for Utilities and Other Operating Expenses were adjusted based on campus plans/initiatives and actual FY17 expenditures.

Net Operating Gain (Loss)

Net Operating Income (All Funds Summary)	FY18 Budget
Net Operating Income	$440,401
Beginning Balance	$8,325,797
Ending Balance	$8,766,198
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	$500,000
Revised Ending Balance	$8,266,198
Reserve Requirement (5% Minimum)	$1,729,753
Balance Above Minimum Reserve After Adjustments	**$6,536,445**

UHWO shows a modest operating gain across all funds and fund balances remain well above minimum requirements. At the end of FY18, UHWO anticipates an overall estimated ending balance of $8,766,198 for all funds while the 16% Reserve Target cited in the BOR Policy is estimated to be $5,535,210. Plans for the funds above the 16% target are:

- TFSF is projected to be $310,000 above the target of which $142,000 will be needed to maintain the 5% reserve target at the end of FY18. UHWO remains committed to contribute to the Repair & Replacement Reserve account which is set at $1,462,732 as of FY17. At the end of FY18, UHWO will contribute $500,000 to the reserve.
- Other Revolving Funds is projected to be $1.8 million above the 16% target. Funds in the Facilities Use account will be used as a one-time commitment for Furniture, Fixtures, and Equipment (FF&E) expenses to furnish the Admin/Allied Health building which will be completed in FY19 and also projects additional costs to maintain the facilities, thus an

increase in reserves is needed for future years.

- Other Special Funds are projected to be $1.1 million above the 16% target of which $500,000 is set aside to meet the R&R reserve commitment. The remaining balance is primarily due to the `Ulu`Ulu Special Fund which was specifically established to support the moving image archive and account (HRS 304A-1864 & 304A-2180). This program will incur an increase in storage and archiving service expenses in the upcoming years.

TUITION AND FEES SPECIAL FUND

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Tuition & Fees	$17,835,564	$17,330,885	$504,679	2.9%	$16,762,621	$568,264	3.4%

Actual revenues collected in FY17 were approximately 3.4% higher than projected, thus the FY18 projections were adjusted accordingly to include a 2.9% increase as a result of a 0% tuition increase and a 2% projected enrollment growth.

Expenditures

TFSF Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$5,876,100	$4,216,359	$1,659,741	39.4%	$4,233,000	($16,641)	-0.4%
Lecturer Payroll	$160,320	$133,263	$27,057	20.3%	$128,000	$5,263	4.1%
Student Help Payroll	$190,500	$133,159	$57,341	43.1%	$262,500	($129,341)	-49.3%
Other Personnel	$233,200	$350,131	($116,931)	-33.4%	$180,000	$170,131	94.5%
Subtotal Personnel	*$6,460,120*	*$4,832,912*	*$1,627,208*	*33.7%*	*$4,803,500*	*$29,412*	*0.6%*
Utilities	$1,127,200	$714,638	$412,562	57.7%	$1,546,554	($831,916)	-53.8%
Scholarships, Tuition	$0	$0	$0		$0	$0	
Other Operating Expenses	$2,936,800	$1,972,935	$963,865	48.9%	$4,050,000	($2,077,065)	-51.3%
Subtotal Other	*$4,064,000*	*$2,687,573*	*$1,376,427*	*51.2%*	*$5,596,554*	*($2,908,981)*	*-52.0%*
Total Expenditures	**$10,524,120**	**$7,520,485**	**$3,003,635**	**39.9%**	**$10,400,054**	**($2,879,569)**	**-27.7%**

Increase in projected personnel costs due to the continuance of filling vacancies, collective bargaining increases, faculty overloads/stipends, and transferring of personnel expenditures from general funds. Lecturer projections will increase to promote Early College courses in the high schools in addition to accommodating the projected enrollment increase. Student Help projections decreased as the campus will utilize its extramural resources for students. Other Personnel is projected to increase due to the hiring of a casual emergency management position. Actual Utilities and Other Operating costs in FY17 were below projected levels, hence FY18 projections have been adjusted accordingly.

TRANSFERS

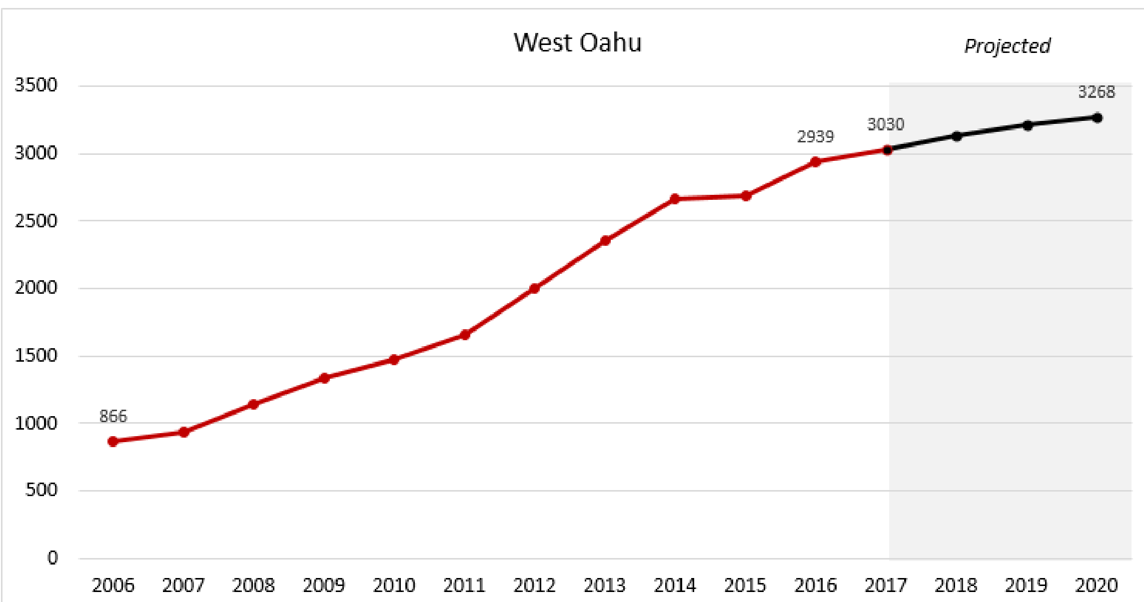
In FY18, UHWO will transfer approximately $4,285,868 of tuition revenue for debt service commitments due to the issuance of revenue bonds to build the campus. Another $2,320,000 of tuition revenue will be transferred to support UHWO scholarships. FY18 is the final year of the EB-5 Loan interest commitment in the amount of $255,000.

Net Operating Gain (Loss)

Net Operating Income (TFSF)	FY18 Budget
Net Operating Income	$12,917
Beginning Balance	$5,639,584
Ending Balance	$5,652,501
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	$500,000
Revised Ending Balance	$5,152,501
Reserve Requirement (5% Minimum)	$1,669,452
Balance Above Minimum Reserve After Adjustments	**$3,483,049**

For TFSF, the campus is projecting a net operating gain of $12,917. Projected ending cash balance is $5,652,501, which is in addition to the $1,526,746 set aside in FY18 to meet the 5% reserve requirement and $500,000 in the Repair & Replacement Reserve account.

ENROLLMENT



*Data Source: UH System IRAO Enrollment Projections 2017-2022

Headcount enrollment at UHWO measured 2,939 in Fall 2016, a 9.2% increase over fall 2015. This total marked the thirteenth consecutive fall semester of enrollment growth and set a new all-time high in headcount enrollment for the campus. For FY18, UHWO is projecting an enrollment growth of 2%.

To impact its enrollment, the UHWO will reexamine its Early College offerings to ensure offerings are intentionally comprehensive and sequential, and at the most advantageous locales to grow the student pipeline from targeted high schools.   Additionally, efforts are being put into place by appropriate UHWO units to respond to continuing students between Year 2 to Year 3 for freshmen with more advisor to student touchpoints to impact their continuation and persistence. By exploiting the capabilities of technology and software (e.g. StarFish and STAR GPS), UHWO units will use existing tools to their maximum to stay in contact with students when encouraging their continued enrollment. Finally, the University is keenly aware of the need for identifying new markets to recruit and is engaging in the requisite planning to target such groups as the active military and the working non-traditional aged working adults.

STRATEGIC PRIORITIES

UHWO, attending to both UH System Strategic Directives and the Integrated Academic and Facilities Plan (IAFP) is currently engaged in a long range strategic planning process, which will result in an Integrated Academic, Enrollment Management, Land/Facilities (IAEL/F) Long Range Strategic Plan with attached Financial Model and Evaluation/Accreditation Plan (estimated completion January 2018). For more information on our progress refer to www.uhwo.hawaii.edu/longrangeplanning/

In keeping with UH System IAFP and Strategic Directions, and UHWO's Long Range IAEL/F Strategic Planning process, we are prioritizing our 2017-2018 action initiatives, some of which can be assisted with FY18 performance funding transferred in from the System, around the following pursuits:

- Academic Development:
    - Distance Education
    - Language Learning (Mandarin, Japanese, Korean, Hawaiian)
- Enrollment Management:
    - Retention Years 2 to Year 3 Strategies
    - Strengthening Community College Transfer Programs
    - With Academic Unit strengthen and grow Early College ʻauwai/pipeline
- Land/Facilities Management
    - Land-based commercial investments (Mauka & Mixed Use Commercial)
    - Advance and strengthen 21st Century Land Development and Facilities Maintenance plan

Community Colleges

The University of Hawaiʻi Community Colleges (UHCC) are dedicated to increasing the educational capital of the State, addressing the needs of underserved populations, and revitalizing and expanding the State's economy. The Community Colleges provide first generation college students, educationally and economically disadvantaged individuals, and under-represented groups a gateway for upward mobility, while providing a highly trained and highly skilled workforce for Hawaiʻi industries.

ALL FUND SUMMARY

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$136,966,609	$135,402,050	$1,564,559	1.2%	$132,616,513	$2,785,537	2.1%
Tuition & Fees	$65,612,600	$65,520,953	$91,647	0.1%	$67,296,325	($1,775,372)	-2.6%
RTRF	$1,778,102	$2,251,493	($473,391)	-21.0%	$1,702,000	$549,493	32.3%
Other Special Funds	$17,496,941	$18,695,015	($1,198,074)	-6.4%	$18,854,000	($158,985)	-0.8%
Other Revolving Funds	$3,764,600	$1,925,469	$1,839,131	95.5%	$2,291,000	($365,531)	-16.0%
Appropriated Federal Funds	$3,530,000	$2,714,316	$815,684	30.1%	$3,130,675	($416,359)	-13.3%
Total Revenues	**$229,148,852**	**$226,509,296**	**$2,639,556**	**1.2%**	**$225,890,513**	**$618,783**	**0.3%**

General Fund revenues show an increase of 1.2%, in spite of the general fund restriction, due to increased funding for collective bargaining augmentations and an appropriation of $1.8 million for the Hawaiʻi Promise Program. Hawaiʻi Promise provides scholarships to students with financial need in order to help them cover the direct costs of attending a UH Community College. Tuition revenues are projected to remain essentially unchanged from FY17 actuals with the expectation that enrollment will be constant.

RTRF revenues reflect a decrease due to the winding down of activities related to a series of large multi-year grants; however, out-year revenues are anticipated to grow as a result of concentrated efforts to secure additional consortium grants. Other Revolving Fund revenues reflect a significant increase due to anticipated earnings from Commercial Enterprise culinary operations. Other Special Fund and Appropriated Federal Fund revenues tend to fluctuate so multi-year averages were used to derive the projections.

Expenditures

Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$134,706,773	$133,509,745	$1,197,028	0.9%	$133,940,359	($430,614)	-0.3%
Lecturer Payroll	$24,808,040	$23,972,351	$835,689	3.5%	$25,248,333	($1,275,982)	-5.1%
Student Help Payroll	$5,205,744	$4,875,325	$330,419	6.8%	$5,078,877	($203,552)	-4.0%
Other Personnel	$2,724,955	$2,829,979	($105,024)	-3.7%	$2,640,945	$189,034	7.2%
Subtotal Personnel	*$167,445,512*	*$165,187,400*	*$2,258,112*	*1.4%*	*$166,908,514*	*($1,721,114)*	*-1.0%*
Utilities	$10,412,503	$10,324,356	$88,147	0.9%	$10,844,545	($520,189)	-4.8%
Scholarships, Tuition	$7,972,391	$6,651,789	$1,320,602	19.9%	$6,321,211	$330,578	5.2%
Other Operating Expenses	$40,072,938	$30,102,914	$9,970,024	33.1%	$42,462,966	($12,360,052)	-29.1%
Subtotal Other	*$58,457,832*	*$47,079,059*	*$11,378,773*	*24.2%*	*$59,628,722*	*($12,549,663)*	*-21.0%*
Total Expenditures	**$225,903,344**	**$212,266,459**	**$13,636,885**	**6.4%**	**$226,537,236**	**($14,270,777)**	**-6.3%**

Overall expenditures are relatively flat. The increase in the Scholarships category due to the implementation of the Hawai'i Promise Program. The projected increase in the Other Operating Expenses category is due to increased expenditures for UHCC Innovation Initiatives, tuition funded R&M projects, federally funded career and technical programs, and the Commercial Enterprise culinary operation.

Net Operating Gain (Loss)

Net Operating Income (All Funds Summary)	FY18 Budget
Net Operating Income	($3,765,000)
Beginning Balance	$43,883,782
Ending Balance	$40,118,782
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	
Revised Ending Balance	$40,118,782
Reserve Requirement (5% Minimum)	$11,433,612
Balance Above Minimum Reserve After Adjustments	**$28,685,170**

Net Operating Income (Revenues less Expenditures) is negative for the Community Colleges due to the expenditure of tuition carryover balances for largely non-recurring requirements (described in tuition section below). These funds were reserved specifically for these needs and the Community Colleges has sufficient balances to cover these expenses.

TUITION AND FEES SPECIAL FUND

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Tuition & Fees	$65,612,600	$65,520,953	$91,647	0.1%	$67,296,325	($1,775,372)	-2.6%

As mentioned previously, revenue will remain essentially unchanged from actual FY17 collections with the expectation that enrollment will stay the same.

Expenditures

TFSF Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$18,297,874	$17,464,283	$833,591	4.8%	$18,180,955	($716,672)	-3.9%
Lecturer Payroll	$319,000	$382,063	($63,063)	-16.5%	$316,207	$65,856	20.8%
Student Help Payroll	$3,154,000	$3,151,111	$2,889	0.1%	$3,544,920	($393,809)	-11.1%
Other Personnel	$1,050,000	$1,295,408	($245,408)	-18.9%	$1,447,901	($152,493)	-10.5%
Subtotal Personnel	*$22,820,874*	*$22,292,865*	*$528,009*	*2.4%*	*$23,489,983*	*($1,197,118)*	*-5.1%*
Utilities	$5,594,614	$4,119,111	$1,475,503	35.8%	$9,446,000	($5,326,889)	-56.4%
Scholarships, Tuition	$7,777,791	$6,481,857	$1,295,934	20.0%	$6,198,011	$283,846	4.6%
Other Operating Expenses	$27,464,549	$20,346,725	$7,117,824	35.0%	$27,284,002	($6,937,277)	-25.4%
Subtotal Other	*$40,836,954*	*$30,947,693*	*$9,889,261*	*32.0%*	*$42,928,013*	*($11,980,320)*	*-27.9%*
Total Expenditures	**$63,657,828**	**$53,240,558**	**$10,417,270**	**19.6%**	**$66,417,996**	**($13,177,438)**	**-19.8%**

Expenditures for other personnel expenses reflects a shift to regular employee payroll. The increase in Utilities is due to the transfer of electricity expenses between TFSF and other funds. The actual increase in projected utility costs across all funding sources is only 0.9%. As previously mentioned, the increase in scholarships is due to the Hawaiʻi Promise Program. General funds for Hawaiʻi Promise will be exchanged with tuition dollars and expended from the Tuition and Fees Special fund to avoid potential issues with lapsing funds when dealing with adjustments to student awards. The projected increase for Other Operating Expenses is due to the increased expenditures related to the Community Colleges' Innovation Initiatives and tuition-funded R&M projects.

Innovation funds totaling $3.3 million are set aside every year to fund new and ongoing initiatives designed to help the Community Colleges meet the goals established in the UH Strategic Directions. Of the portfolio of innovation initiatives, the items listed below are being funded from carry forward dollars. In addition, dollars generated from tuition increases were set aside to reduce the backlog of R&M projects and to fund replacement equipment.

Implement of co-requisite remediation	500,000
Provide professional development for co-requisite initiative	300,000
Implement Guided Pathway System (GPS)	140,000
Support Early College dual credit	300,000
Recruit and support returning adult students	260,000
Enhance distance education offerings	250,000
Provide open educational resources (OER)	140,000
Student Success Initiatives	375,000
R&M and equipment carryforward	1,500,000
Total	**3,765,000**

Net Operating Gain (Loss)

Net Operating Income (TFSF)	FY18 Budget
Net Operating Income	($3,765,000)
Beginning Balance	$21,237,933
Ending Balance	$17,472,933
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	
Revised Ending Balance	$17,472,933
Reserve Requirement (5% Minimum)	$10,281,630
Balance Above Minimum Reserve After Adjustments	**$7,191,303**

Even after the expenditure of $3.765 million in TFSF carryover funds, the Community Colleges will still have a balance of $17.5 million. This is in addition to the 5% reserve held at UH

System. Combining the two cash balances results in a reserve level of 13.4%, which is relatively close to the 16% target.

ENROLLMENT

Enrollment continued a downward trend in FY17 in part due to the strong economy and record low unemployment rates.   The Community Colleges are projecting flat enrollment for FY18 but are anticipating growth over the next four years in the areas identified below.

The following initiatives are designed to increase enrollment and improve student success at the Community Colleges:

Hawaiʻi Graduation Initiative
- Strategic target of 5% growth in degrees and certificates each year from 2015 to 2021
- Strategic target of 5% growth in baccalaureate transfers each year from 2015 to 2021
- Strategic target to eliminate all success gaps in graduation, STEM graduation, and transfer for Native Hawaiian, Filipino, Pacific Islander, and low income students by 2021

Enrollment Management
- Enrollment growth targeted on the following five areas
    - Increase the DOE going rate to 65% (DOE system target) by absorbing into the community college 80% of the gap between the current going rate and the 65% target for all public high schools.
    - Increase the rate of adult basic education students enrolling in community colleges by 2% per year.
    - Increase Pacific Island enrollment in CCs to close the gap between the current 3% and the population 4% level.
    - Increase the enrollment of adult learners from 2.25% to 4% by 2021.
    - Increase international students by 2% per year from 2015 to 2021.
    - Improve year to year retention from 50% to 65%.
- Enrollment management tactics include
    - Expanded dual enrollment in high schools
    - Improved communication and engagement of students from time of recruitment/application through the first weeks of the first semester
    - Major improvements in student success and student retention

- Student Success
    - Total reform of development/remedial education to move from sequential, semester long classes to co-requisite, just-in-time remediation.
    - Guided pathway registration where all students will be placed on a degree pathway and use the pathway to guide their registration so that they can keep on track to graduation
    - Increased monitoring and intervention to reduce student dropout
    - Improved reentry procedures so that students can re-enroll without going through re-admission

- Workforce Development
    - Development of a workforce and program planning tool using Labor Market Information to better inform students, academic planner, and program managers about the relationship of the existing and planned programs to the State’s workforce needs
    - Improvement of the job placement and earnings information in the State’s longitudinal data system
    - Expanded offerings in STEM through the ASNS degrees now in place at all campuses and through the USA Funds STEM grant

- Sustainability
    - Completion of campus based sustainability plans
    - Implementation of expanded use of alternate energy, primarily solar and battery storage
    - Implementation of a new performance contract in energy savings to build on the highly successful initiative contract with Johnson Controls

Systemwide Administration

The University of Hawaiʻi (UH) Systemwide Administration (System) is committed to providing the **vision, leadership, and stewardship** needed to enable the ten University campuses to advance missions that promote distinctive pathways to excellence, differentially emphasize instruction, research, and service while contributing to a coherent response to the needs of a technologically advanced, globally competitive, and culturally diverse island state.

In FY18, the System will utilize unearned performance funding to focus on four strategic priorities: improve enrollment and academic planning; enhance economic development and commercialization; increase business process efficiency and improve data for management and decision-making; and identify a forward path to staff the Hawaiʻi Papa O Ke Ao initiative, which will advance UH as a model indigenous-serving institution.

Enrollment and academic planning improvements involve executing priorities of the Integrated Academic and Facilities Plan and the UH Strategic Directions. System will implement a new distance learning initiative to deliver high priority degrees and certificates as well as key transfer and major courses to support academic pathways between campuses with strong support services and a marketing initiative that brings in more students in need of higher education. System will continue the sector convenings to understand workforce data and needs, and use the results to drive collaborative systemwide academic planning in order to develop education and training programs and pathways in key areas that support the economic vitality of the state. System will also launch cross campus enrollment management initiatives and support, including a transfer task force to reverse the decline in transfers from UH community colleges to UH universities, conduct a sensitivity analysis of tuition rates and impacts on enrollment, develop data analytics and models to enhance recruitment and retention, and enhance systemwide recruitment initiatives.

Startup investments in economic development and commercialization at the System level include the creation of an applied cybersecurity institute that will leverage and enhance the work across UH campuses in cybersecurity work education and workforce development. System will also begin developing professional capacity to support University initiatives around real estate development and public-private partnerships.

One-time investments will be made in information system projects that increase business process efficiency and provide improved data for management and decision-making, thereby enabling the University to continue to make strides to be a high performing institution. Investments include upgrading the UH Human Resources (HR) information system to the current version of the software to support improved efficiencies in HR processes; and creating Phase 1 of an institutional systemwide data warehouse that integrates disparate information from UH Finance, HR, Student, Research and Space systems with a business intelligence front-end for analytics.

Overall, the System budget supports 51 offices and programs which include 449 appropriated General Fund, 38 Special Fund, 4 Federal Fund, and 15 Revolving Fund permanent Full Time Equivalent (FTE) positions. Offices and programs are organized under the Board of Regents Office, President's Office, Vice President for Academic Planning and Policy, Vice

President for Administration, Vice President for Budget and Finance and Chief Financial Officer, Vice President for Information Technology and Chief Information Officer, Vice President for Legal Affairs and University General Counsel, and Vice President for Research and Innovation.

ALL FUNDS

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$55,825,664	$45,223,593	$10,602,071	23.4%	$55,841,600	($10,618,007)	-19.0%
Tuition & Fees	$1,517,940	$1,582,761	($64,821)	-4.1%	$740,370	$842,391	113.8%
RTRF	$15,087,920	$8,643,500	$6,444,420	74.6%	$12,059,406	($3,415,906)	-28.3%
Other Special Funds	$3,830,261	$2,864,910	$965,351	33.7%	$2,936,421	($71,511)	-2.4%
Other Revolving Funds	$726,737	$1,199,544	($472,807)	-39.4%	$1,418,100	($218,556)	-15.4%
Appropriated Federal Funds	$358,873	$192,984	$165,889	86.0%	$284,999	($92,015)	-32.3%
Total Revenues	**$77,347,395**	**$59,707,292**	**$17,640,103**	**29.5%**	**$73,280,896**	**($13,573,604)**	**-18.5%**

Actual General Fund revenue for FY17 does not include $10.3 million in transfers from System to various UH campuses. The bulk of this amount is attributable to Performance Funding ($6.3 million), Athletics ($3.0 million), and ACM ($1.3 million). This is because General Fund transfers are reported as changes in revenue because they represent a change in the allocation from the State rather than actual cash moving between different UH funds.

When compared to actual FY17 collections, Other Special Funds revenue is projected to rise by almost $894,000 as a result of a settlement for the Pacific Ocean Sciences and Technology (POST) building recovery costs. Also augmenting Other Special Funds revenue is the establishment of the Innovation and Commercialization Initiative Special Fund under Act 39, SLH 2017. Act 39 will enable UH to generate increased revenue from intellectual property. Accounts in the Discoveries and Inventions Commercial Enterprise Revolving Fund will be re-established in Other Special Funds.

RTRF actual revenue for FY17 does not include an Accounts Receivable balance of $10,888,620. Once accounted for, actual revenue for FY17 should be approximately $19.5 million. However, as a result of an expected decrease in extramural grants, FY18 revenue is projected to be approximately $4.4 million lower.

Expenditures

Expenditures	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$45,063,686	$44,113,102	$950,584	2.2%	$45,697,435	($1,584,333)	-3.5%
Lecturer Payroll		$21,378	($21,378)	-100.0%		$21,378	
Student Help Payroll	$1,259,649	$1,243,164	$16,485	1.3%	$122,583	$1,120,581	914.1%
Other Personnel	$1,000,014	$687,091	$312,923	45.5%	$393,114	$293,977	74.8%
Subtotal Personnel	*$47,323,349*	*$46,064,735*	*$1,258,614*	*2.7%*	*$46,213,132*	*($148,397)*	*-0.3%*
Utilities	$1,161,444	$1,076,419	$85,025	7.9%	$262,443	$813,976	310.2%
Scholarships, Tuition	$4,162,566	$3,283,287	$879,279	26.8%	$4,482,937	($1,199,650)	-26.8%
Other Operating Expenses	$33,142,163	$28,946,626	$4,195,537	14.5%	$25,233,904	$3,712,722	14.7%
Subtotal Other	*$38,466,173*	*$33,306,332*	*$5,159,841*	*15.5%*	*$29,979,284*	*$3,327,048*	*11.1%*
Total Expenditures	**$85,789,522**	**$79,371,067**	**$6,418,455**	**8.1%**	**$76,192,416**	**$3,178,651**	**4.2%**

The increase in System expenditures across all funds is due to Other Expenditures, chiefly in Utilities and Other Operating Expenses. The rise in Utilities expenditures is due to previously unbudgeted telecommunications contract payments. Other Operating Expenses are escalating due to the approximate $2.45 million in unearned Performance Funding that will be retained to support the aforementioned campus wide initiatives: improve enrollment and academic planning, enhance economic development and commercialization, increase business process efficiency and improve data for management and decision-making, and advance UH as a model indigenous-serving institution. Projected close out costs and anticipated data storage costs for IT servers are planned as one-time investments out of RTRF funds.

Net Operating Gain (Loss)

Net Operating Income	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
General Funds	$0	$0	$0		$0	$0	
Tuition & Fees	$1,233,754	$2,748,985	($1,515,231)	-55.1%	$297,390	$2,451,595	824.4%
RTRF	($1,077,180)	($7,157,681)	$6,080,501	-85.0%	$213,812	($7,371,493)	-3447.7%
Other Special Funds	($1,328,584)	$5,145,872	($6,474,456)	-125.8%	($826,702)	$5,972,574	-722.5%
Other Revolving Funds	$177,919	($8,660)	$186,579	-2154.5%	$243,296	($251,956)	-103.6%
Appropriated Federal Funds	$0	$0	$0		$0	$0	
Total NOI	**($994,091)**	**$728,516**	**($1,722,607)**	**-236.5%**	**($72,204)**	**$800,720**	**-1109.0%**

Net operating income across all funds is negative due to strategic expenses from RTRF and Other Special Funds. One-time investments with RTRF funds for our Information Technology department is needed for projected project close-out costs ($1 million) and IT updates including increased data storage costs for IT servers that support research ($350,000). Even with these investments, ITS will still have a cash balance of a little over $3 million. Increased operating expenses in Other Special Funds include anticipated expenditures due to POST Building Recovery Payments ($900,000) and an increase in settlements and legal fees in the Risk Management Fund ($500,000). A cash balance in Other Special Funds of over $8.6 million will still be available after these expenses which is well above the cash reserve range.

GENERAL FUNDS

General Fund expenditures are increasing by nearly 7% in FY18, primarily due to approximately $2.45 million in Performance Funding that will be retained by the System for systemwide investments in shared initiatives that will benefit all campuses.

Utilizing the Performance Funding formula adopted by the University, about $2.45 million of the total $6.30 million was unearned by the campuses in FY17 for the FY18 distributions. These unearned funds towards the aforementioned high priority initiatives that were also described to the Board of Regents in the June 2017 Operating Budget Priorities & Strategies presentation. These systemwide investments will improve enrollment, efficiency and effectiveness across the UH System. Detailed plans are being finalized by September.

Transfers	**FY18**	**FY17**
Performance Funding	($3,826,920)	($6,360,818)
B+ Scholarships	($3,000,000)	($3,000,000)
Academy for Creative Media	($733,867)	($1,369,384)
Workers Comp/UI	($800,000)	($800,000)
Na Pua Noeau	($322,242)	($322,242)
Student Affairs	($187,000)	($187,000)
Diversity & Equity	($6,607)	($6,607)
Athletics	($3,000,000)	($3,000,000)
Total Transfers	**($11,876,636)**	**($15,046,051)**
WICHE Scholarships	($1,162,566)	($1,162,566)
HSIG Scholarships	$0	($284,899)
Grand Total	**($13,039,202)**	**($16,493,516)**

It has been a common practice in recent legislative sessions to provide lump sum funds for specific initiatives in the System budget, providing the President and senior administrators the authority to disseminate funds to the campuses. In FY18, 21% or $11.88 million of the General Fund budget will be transferred to the campuses for scholarships and other program expenses. Moreover, while the Western Interstate Commission for Higher Education (WICHE) scholarship budget is managed by System, the scholarships directly support higher education options for students at the campuses. Consequently, a total of 23% or $13.04 million of the General Fund budget is in fact spent by the campuses rather than System operations.

TUITION AND FEES SPECIAL FUND (TFSF)

Revenues

Revenues	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Tuition & Fees	$1,517,940	$1,582,761	($64,821)	-4.1%	$740,370	$842,391	113.8%

The System does not receive TFSF revenues directly from student payments. Rather, revenue is attributed to fees from: Late Registration, the Tuition payment plan, interest income, and applications for use of UH facilities for commercial filming. The FY17 variance is due to a conservative interest income revenue projection. Forecasted FY18 revenue should remain relatively the same as FY17 actual revenue.

Expenditures

TFSF Expenditures & Net Transfers	FY18 Budget	FY17 Actual	FY18 Projected vs. FY17 Actual	%age	FY17 Projected	FY17 Actual vs. FY17 Projected	%age
Regular Employee Payroll	$2,310,844	$1,097,660	$1,213,184	110.5%	$1,936,421	($838,761)	-43.3%
Lecturer Payroll	$0	$0	$0		$0	$0	
Student Help Payroll	$37,547	$0	$37,547		$0	$0	
Other Personnel	$5,395	$22,086	($16,691)	-75.6%	$0	$22,086	
Subtotal Personnel	*$2,353,786*	*$1,119,746*	*$1,234,040*	*110.2%*	*$1,936,421*	*($816,675)*	*-42.2%*
Utilities	$151,160	$118,452	$32,708	27.6%	$9,512	$108,940	1145.3%
Scholarships, Tuition	$0	$0	$0		$15,000	($15,000)	-100.0%
Other Operating Expenses	$9,627,720	$6,517,880	$3,109,840	47.7%	$7,998,136	($1,480,256)	-18.5%
Subtotal Other	*$9,778,880*	*$6,636,332*	*$3,142,548*	*47.4%*	*$8,022,648*	*($1,386,316)*	*-17.3%*
Total Exp & Net Xfers	**$12,132,666**	**$7,756,078**	**$4,376,588**	**56.4%**	**$9,959,069**	**($2,202,991)**	**-22.1%**

The increase in Regular Employee Payroll is primarily attributed to the vacation payout fringe assessment for employees paid with non-imposed funds. While Other Operating Expenses outpace Revenues, 52% of TFSF expenses are payments towards existing University commitments that are covered by a direct assessment from the campuses. The remaining Other Operating Expenses are increasing due to rising annual TouchNet contract payments, annual payments from FY17 to FY19 to Kuali Foundation as part of the KFS Baseline Partnership agreement, and contract payments towards functional support for the PeopleSoft upgrade and implementation.

TFSF transfers include campus contributions for shared system services such as the single Banner student information system and Kuali Financial System that serve all campuses, the UH Foundation, and the eBuilder and NeoGov project costs. A new project for FY18 is a shared document imaging and management system.

Net Operating Gain (Loss)

Net Operating Income (TFSF)	**FY18 Budget**
Net Operating Income	$1,233,754
Beginning Balance	$4,810,067
Ending Balance	$6,043,821
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	
Revised Ending Balance	$6,043,821
Reserve Requirement (5% Minimum)	$2,269,351
Balance Above Minimum Reserve After Adjustments	**$3,774,470**

System yields a significant increase in net operating income in FY18. System's overall TFSF income is predominantly from transfers from campuses to cover corresponding costs of contracts and maintenance fees, which essentially results in a near net zero effect.

RESERVES

In 2015, the Legislature passed Act 236 which requires moneys from each campus's TFSF to lapse to the credit of UOH-900 (System). As a result, System begins FY18 with an unencumbered cash balance of $120.89 million after $106.08 million in FY17 unencumbered cash balances were swept from the campuses. Of this amount, $17.26 million is held centrally by System as the 5% TFSF reserve requirement for Hilo, West Oʻahu, the Community Colleges, and System itself. A total of $98.82 million will be returned to the campuses for inclusion in their FY18 campus operating budgets.

TFSF Funds in UOH-900	120,891,110
5% Reserve Held Centrally	17,259,079
Transfer-out to Campuses	98,821,964

The following table itemizes the amounts that were transferred to the campuses at the start of FY18 and the amount held centrally as each campus's reserve:

UH Campus	FY18 Transfer	Central Reserve
Mānoa	53,612,729	
Hilo	14,722,513	3,462,263
West Oʻahu	6,549,758	1,526,746
Community Colleges	23,936,964	10,067,202
Systemwide Support		2,202,868
Total	**98,821,964**	**17,259,079**

System begins FY18 with $4.81 million in cash. After accounting for projected net operating income, the anticipated FY18 ending cash balance is a robust $6.04 million and is in addition to the $2.20 million held centrally as reserve.