

**Notice of Meeting
UNIVERSITY OF HAWAI'I
BOARD OF REGENTS**

Board business not completed on this day will be taken up on another day and time announced at the conclusion of the meeting.

Date: Thursday, October 15, 2020

Time: 8:30 a.m.

Place: Virtual Meeting

In light of the evolving COVID-19 situation, protecting the health and welfare of the community is of utmost concern. As such, this will be a virtual meeting and written testimony and oral testimony will be accepted in lieu of in-person testimony. Meetings may be monitored remotely via the livestream pilot project. See the Board of Regents website for information on accessing the livestream: www.hawaii.edu/bor. Mahalo for your consideration.

AGENDA

- I. Call Meeting to Order**
- II. Approval of the Minutes of the September 17, 2020 Meeting**
- III. Public Comment Period for Agenda Items:**

All written testimony on agenda items received after posting of this agenda and up to 24 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board within 24 hours of receipt. Written testimony may be submitted via the board's website through the testimony link provided on the [Meeting Agendas, Minutes and Materials](#) page. Testimony may also be submitted via email at bor.testimony@hawaii.edu, U.S. mail, or facsimile at (808) 956-5156. All written testimony submitted are public documents. Therefore, any testimony that is submitted for use in the public meeting process is public information and will be posted on the board's website.

Those wishing to provide oral testimony for the virtual meeting may register [here](#). Given constraints with the online format of our meetings, individuals wishing to orally testify must register no later than 7:00 a.m. on the day of the meeting in order to be accommodated. It is highly recommended that written testimony be submitted in addition to registering to provide oral testimony. Oral testimony will be limited to three (3) minutes per testifier.

- IV. Report of the President**
- V. Committee Reports**
 - A. Report from the Committee on Budget and Finance
 - B. Report from the Committee on Independent Audit
 - C. Affiliate Reports
- VI. Agenda Items**
 - A. Consent Agenda

For disability accommodations, contact the Board Office at 956-8213 or bor@hawaii.edu.
Advance notice requested five (5) days in advance of the meeting.

1. Approval of Amendments to Regents Policy 8.203, Reserve Policy
 2. Approval of Budget Policy Paper
 - B. Appointment of a Permitted Interaction Group to Investigate Issues and Make Findings and Recommendations to the Board Related to the Maunakea Master Plan and Comprehensive Management Plan
- VII. Executive Session (closed to the public):**
- A. Labor Negotiations and Legal Matters: *(To deliberate concerning the authority of persons designated by the board to conduct labor negotiations or to negotiate the acquisition of public property, or during the conduct of such negotiations, and To consult with the board's attorneys on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities, pursuant to Section 92-5(a)(3) and 92-5(a)(4), HRS)*
 1. Quarterly Status Report on Litigation
 2. Collective Bargaining Negotiations Update
 - B. Personnel: *(To consider the hire, evaluation, dismissal, or discipline of an officer or employee, where consideration of matters affecting privacy will be involved, pursuant to Section 92-5(a)(2), Hawai'i Revised Statutes (HRS))*
 1. Evaluation of the President
- VIII. Agenda Items (continued)**
- A. Evaluation of the President
- IX. Announcements**
- A. Next Meeting: November 19, 2020, location to be determined
- X. Adjournment**

DISCLAIMER – THE FOLLOWING ARE DRAFT MINUTES AND ARE SUBJECT TO FURTHER REVIEW AND CHANGE UPON APPROVAL BY THE BOARD

MINUTES

BOARD OF REGENTS MEETING

SEPTEMBER 17, 2020

Note: On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 a public health emergency of international concern, subsequently declaring it a pandemic on March 11, 2020. On March 16, 2020, Governor David Y. Ige issued a supplementary proclamation that temporarily suspended Chapter 92, Hawai'i Revised Statutes, relating to public meetings and records, "to the extent necessary to enable boards to conduct business in person or through remote technology without holding meetings open to the public."

I. CALL TO ORDER

Chair Benjamin Kudo called the meeting to order at 8:36 a.m. on Thursday, September 17, 2020. The meeting was conducted with regents participating from various locations.

Quorum (11): Chair Benjamin Kudo; Vice-Chair Randy Moore; Vice-Chair Alapaki Nahale-a; Regent Simeon Acoba; Regent Kelli Acopan; Regent Eugene Bal; Regent Wayne Higaki; Regent Jan Sullivan; Regent Michelle Tagorda; Regent Robert Westerman; and Regent Ernest Wilson.

Others in attendance: President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Community Colleges Erika Lacro; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Academic Planning and Policy Donald Straney; VP for Research and Innovation Vassilis Syrmos; VP for Budget and Finance/Chief Financial Officer Kalbert Young; Vice President for Advancement/UH Foundation (UHF) Chief Executive Officer (CEO) Tim Dolan; UH Mānoa (UHM) Provost Michael Bruno; UH Hilo (UHH) Chancellor Bonnie Irwin; UH West O'ahu (UHWO) Chancellor Maenette Benham; Leeward Community College (LeeCC) Chancellor Carlos Peñaloza; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF THE MINUTES

Vice-Chair Moore moved to approve the minutes of the August 20, 2020, meeting, seconded by Regent Higaki, and the motion carried, with all members present voting in the affirmative.

III. PUBLIC COMMENT PERIOD

Board Secretary Oishi announced that the Board Office received written comments regarding the university's budget process and various proposed program reductions and mergers from the UHM Faculty Senate Executive Committee, Mānoa Staff Senate,

Associated Students of the University of Hawai'i-Hawai'i Community College, and numerous individuals.

Late written testimony providing comments regarding the university's budget process and various proposed program reductions and mergers was received from numerous individuals.

Written testimony may be viewed at the Board of Regents website as follows:

[Written Testimony Comment Received 1](#)

[Written Testimony Comment Received 2](#)

[Late Written Testimony Comment Received 1](#)

[Late Written Testimony Comment Received 2](#)

Oral testimony regarding the university's budget process and various proposed program reductions and mergers was received from Betsy Fisher, Sladjana Priscic, Candace Fujikane, Areerat Woranwongwasu, Rebecca Maria Goldschmidt, Autumn-Raine Hesla, Ihilani Lasconia, Ty Tengan, Sami Akuna, Paul McKimmy, Ashley Maynard, Sarah Hamid, Eomailani Kukahiko, L. Ayu Saraswati, Adrian De Leon, Christianne Moss, Phyllis Aira Sheer Raquinio, Nadezna Ortega, Marguerite Butler, Jaret KC Leong, Kahala Johnson, Mahealani Ahia, Ethan Hill, Lanail Manio, Marley Aiu, Jairus Grove, Maria Teresa Houar, Lisa Widdison, Jane Traynor, Erika Sanchez, Kara Jhalak Miller, Claire Fraser, Maura Stephens-Chu, Francis Camuso, Katherine Achacoso, Stuart Donachie, Alexis Stubbs, and Monique D'Almeida.

IV. REPORT OF THE PRESIDENT AND COVID-19 UPDATE

President Lassner began by thanking all the individuals that provided comments on the university's budget process and the various suggestions made by the UHM Budget Team (Budget Team) regarding proposed program reductions and mergers. He stated that the unprecedented fiscal challenges facing the university due to the impacts of the COVID-19 pandemic necessitated the initiation of an introspective process to reevaluate the university's goals and priorities. In part, this process involved an assessment of areas where organizational and programmatic changes could be made that would enable the university to be more effective and efficient in all aspects of its mission and allow it to thrive in service to Hawai'i for years to come. Aiming to streamline university operations, reduce administrative costs, invest in new growth areas, and phase out degrees with little demand, the Budget Team began examining enrollment trends, faculty-student ratios, current program relevance, and external programmatic reviews over the summer. He explained that, while it would have been preferable to begin these examinations in the fall with the return to campus of the majority of faculty, students, and staff, the financial urgency of the current situation dictated that these examinations begin immediately, thus allowing for robust campus discussions and consultation on any suggestions or ideas developed to take place during the fall. Open campus consultations have begun and formal consultations with governance groups for university students, faculty, and staff, including the University of Hawai'i Professional

Assembly, UHM Faculty Senate, Associated Students of the University of Hawai'i, Mānoa Staff Senate, Hawai'i Government Employees Association, UHM Graduate Student Organization, and Kūali'i Council will soon commence. The administration's intent is for these consultations and reviews to be conducted in an open, transparent, and expeditious manner with the ultimate goal of having recommendations ready for presentation to the board by the end of the 2020 calendar year.

Noting the substantial pushback and expressions of concern received on the initial suggestions of the Budget Team, President Lassner emphasized that decisions have not been made regarding the possible reorganization or phasing-out of any programs at the university. Rather, the suggestions and ideas developed by the Budget Team were a starting point with the ultimate goal of identifying changes to the university that will increase its positive educational and community impacts despite having far fewer financial resources. He indicated that, not only did the administration receive thoughtful and moving statements of the personal impacts of the Budget Team's suggestions beyond what is contained in program reviews and data analysis, but that feedback has also included creative suggestions from faculty across all campuses which has resulted in some of the initial suggestions being updated with the incorporation of these ideas. It was noted that UHM Provost Michael Bruno has also committed to meeting with students, faculty, staff and deans over the next several weeks to explore the initial suggestions, as well as any other ideas to address the present situation.

Other actions taken by the university to address its fiscal crisis were also noted, including the imposition of a hiring freeze, travel restrictions, and restrictions on spending, all of which were initiated in March 2020. The administration has also embarked on the reorganization of what was formerly known as the Office of the Mānoa Chancellor and Office of the Mānoa Vice Chancellor, a process referred to as Phase II. The framework for Phase II has been completed and is presently scheduled to enter into formal consultation. The administration has also eliminated a number of executive and managerial positions and has advised executives and managers that they will be subject to any salary reduction, furlough, or reduction-in-force initiatives that may be employed by the State. Additionally, executives and managers will forego the salary increase that faculty and staff have received this year.

President Lassner provided an update on the university's current state of affairs with regard to the COVID-19 pandemic noting that it continues to address personal safety practices; institutional safety practices; and the safety of facilities, office spaces, and staffing across its campuses to ensure the health and safety of students, faculty, and staff. As of now, the university has only experienced a total of 29 confirmed COVID-19 positive cases across all ten campuses with no incidence of community spread on any campus. He noted that this was a remarkable achievement given the pandemic's health impacts on college campuses across the nation.

The university's fall headcount enrollment is slightly better than anticipated with overall headcount enrollment down 0.6 percent as compared to the same period last year. To date, headcount enrollment at UHM, UHWO, and Kaua'i Community College have experienced increases while all other campuses have experienced various degrees of decline.

Several of the university's most recent successes were highlighted. Grants have been awarded in Native Hawaiian education, as well as via the Federal TRIOs Program, which continue to allow the university to provide services for individuals from disadvantaged backgrounds. The university also fared well in various publications ranking colleges throughout the country and the world. The U.S. News and World Report's 2021 Best College rankings were released with UHM ranking 83rd among public universities; the Shidler College of Business ranking 14th for international business programs; UHH ranking 80th for social mobility; UHWO ranking 3rd among public universities, as well as 16th among best regional colleges, in the Western United States; UHWO ranking 7th among best colleges for veterans; UHWO ranking 23rd for social mobility; and all campuses ranking high in ethnic diversity of students, faculty, and staff, with UHH ranking 1st in this category. The community colleges also received recognition, as a whole being ranked 4th best in the country among community colleges by Wallethub. UHM was also ranked in the top one-percent and two-percent of universities worldwide by the 2021 Times Higher Education World University Rankings and the 2021 Quacquarelli Symonds World University Rankings respectively.

President Lassner also reported on the notable achievement of a university faculty member who was part of an international team of astronomers that revealed the possibility of life on our solar system's hottest planet, Venus. While using the James Clerk Maxwell Telescope on Maunakea, the team detected phosphine gas in the Venusian atmosphere, a gas excreted by tiny living organisms on Earth. He noted that this discovery is creating worldwide excitement, particularly in the astronomical community.

Report of the Host Campus

Chancellor Peñaloza provided an overview of LeeCC's demographics and enrollment statistics, highlighting the diversity of the student body, which has a strong representation of Hawaiian and Filipino populations. It was also noted that LeeCC's student body consists primarily of liberal arts majors, the majority of which intend to transfer to a four-year university, followed by individuals enrolled in career and technical programs. He announced that, as a result of its large population of liberal arts majors intending to transfer to four-year institutions to continue their academic studies, LeeCC has been chosen as one of ten colleges nationwide for the pathway to credentials initiative of the United States Department of Education. This initiative will provide customized, technical assistance to help LeeCC advance its efforts in stackable credential design, including components such as employer engagement, industry certification alignment, and non-credit/credit integration.

Interest in the provision of online curricula continues to increase at LeeCC. Prior to the COVID-19 pandemic, approximately 27 percent of students at LeeCC attended classes in a fully-online capacity. To date, this number has almost tripled with 77 percent of LeeCC students currently taking courses in a fully-online capacity, although it was noted that much of this surge was primarily due to changes in instruction modality as a result of the COVID-19 pandemic. LeeCC's online course offerings have also attracted students from within the university system as 22 percent of the students enrolled in online courses at LeeCC were from other campuses. As COVID-19 pushes

ever-increasing amounts of instructional and support services toward a completely online format, fear and apprehension among students and faculty regarding online instruction and learning is beginning to subside and barriers to the delivery of educational instruction to more distant regions are being removed. As a result, LeeCC fully expects the trend towards distance learning to continue for the foreseeable future.

Enrollment for fall 2020 witnessed a decrease of approximately 3.4 percent as compared to the same period last year. This decline in enrollment is in line with LeeCC's peer institutions and is similar to that being experienced by other campuses and institutions. However, Chancellor Peñaloza pointed out that the bulk of LeeCC's decline in enrollment occurred among its early college program students and was mainly attributable to the numerous issues and challenges faced by the State Department of Education and university at the waning end of the spring semester due to the pandemic.

Chancellor Peñaloza stated that LeeCC was evaluated and peer reviewed by the Accrediting Commission for Community and Junior Colleges (ACCJC) in 2018 and received a seven year accreditation in the spring of 2019. He called attention to the fact that LeeCC received six commendations from the ACCJC for exemplary performance. However, LeeCC was also required to submit a follow-up report no later than March 2, 2020, to address recommendations made by the peer review team including a recommendation that LeeCC establish a clear cycle to regularly evaluate and update its policies and procedures. Chancellor Peñaloza noted that the follow-up report was submitted to the ACCJC as required and the report was reviewed and accepted. He announced that the ACCJC reaffirmed LeeCC's accreditation on June 29, 2020.

A summary of actions taken by LeeCC to prepare for the return of students to campus in the fall, as well as to ensure the health and safety of students, faculty, and staff during this public health crisis, was provided by Chancellor Peñaloza. He noted that these efforts began near the end of the spring semester and continued throughout the summer. Some of the safety measures taken included installation of sneeze-guards, plexi-glass barriers, hand sanitizing stations, and touchless devices throughout campus; increased signage noting safety requirements such as the use of face coverings and handwashing; the reconfiguration of facilities to ensure adherence to recommended physical distancing protocols; and increased cleaning and sanitization schedules for all facilities. Additionally, procedures were established to ensure that any necessary personal interactions between faculty, students, and staff took place in a manner that adhered to Centers for Disease Control and Prevention guidelines and protocols.

Although LeeCC continued to prepare for the reopening of campus, it also recognized that the uncertainty and ever-changing nature of this public health crisis could result in the extension of the distance learning instructional format for a large number of courses being extended through the fall semester. Accordingly, LeeCC focused on strengthening its online instruction and remote delivery of support service capabilities through professional development and planning, as well as extensive discussions with faculty, staff, and students. This preparation resulted in LeeCC experiencing an easier transition to fully-online course instruction for the fall and has

allowed it to provide most of the college's support services in a remote capacity without much difficulty.

Chancellor Peñaloza stated that throughout the pandemic, LeeCC continued to forge ahead with its capital improvement (CIP) projects. He reviewed several of LeeCC's recently completed CIP projects including the Wai'anae Mōku project, the renovation of the Native Hawaiian Center, and science lab renovations throughout campus. These projects allowed for the generation of additional space for student learning which was particularly timely given the imposition of physical distancing protocols. Additionally, the projects created more collaborative spaces for students who thrive on in-person instruction and delivery of support services. One major project of note that was recently completed was the installation of LeeCC's full complement of photovoltaic canopies over its parking lots. As such, LeeCC has become the first net-zero campus in Hawai'i with 97 percent of the energy it consumes being generated by this project.

LeeCC was also able to quickly adapt and pivot its programming to meet some of the state's immediate workforce needs, particularly with regard to the increased demand for healthcare workers created by the pandemic. Although instruction in the health sciences, clinical work, and externships for students in the healthcare field were interrupted by the pandemic, the college's Office for Continuing Education and Workforce Development was able to rapidly transition the majority of healthcare curricula to an online format and worked with healthcare partners to adapt the college's clinical programs to allow students in these fields of study to complete their education. Chancellor Peñaloza stated that the Office also worked with the college's healthcare partners, as well as job centers, to continue to provide externships for students, providing example of its work with CVS Health on externships for the college's pharmacy technician program.

Efforts to support entrepreneurial development and economic diversity continue at LeeCC through initiatives and collaborative projects such as the Wahiawa Value-Added Product Development Center. While the Center will serve as an entrepreneurial incubator with a goal of economic diversification, particularly in the food-based product industry, it will also serve as a resource that will allow LeeCC to provide agribusiness-related curricula meshed with real-world experience. The Center will be located in an existing facility in Wahiawa that is being renovated and developed through a collaborative partnership between LeeCC and a number of agencies, including the Agribusiness Development Corporation, and is scheduled to open in 2022.

Noting that there was a decline in enrollment of 6.2 percent experienced by LeeCC in 2017, almost twice as much as any other year, Regent Acoba requested an explanation for this decrease. Chancellor Peñaloza replied that he did not have that information immediately available but that he could provide this information, as well as a breakdown of the enrollment data for 2017, to the Regents at a later date.

Faculty Report

Michael Oishi, Assistant Professor of Literature and Chair of the LeeCC Faculty Senate, provided a report on some of the work undertaken to support LeeCC over the

previous academic year. He noted that the Faculty Senate focused its efforts on two main issues during the 2019-2020 academic year – assisting the college in addressing the recommendations of the ACCJC, particularly with regard to the update and regular review of college policies; and working toward meaningful, shared governance for transparency and collaboration to ensure that all of LeeCC's stakeholders have a say in the role of how the campus best supports its students on their academic journey.

Mr. Oishi reviewed the recommendations made by the ACCJC peer review team after a site visit conducted in October 2018 and noted actions taken by the Faculty Senate to assist the administration in addressing these recommendations. Actions included the Faculty Senate's thorough review of LeeCC's policy on shared governance, which it voted to approve after recommended amendments were made by the administration, and the review and approval of the college's new policy on policy development.

Additionally, the Faculty Senate continues its efforts to ensure that quality curricula and effective instructional practices are provided at LeeCC. He discussed the work of three committees of the Faculty Senate, the Assessment Committee, the Curriculum Committee, and the Distance Education Committee, to improve instructional design and delivery, review the currency and relevance of courses offered at LeeCC, and develop and recommend policies, procedures, assessment protocols, and best practices that provide technical and academic support to assure distance learner success.

Regent Acoba asked how often course reviews were conducted by the Curriculum Committee and what the difference was between a course deletion and a program deletion. Mr. Oishi replied that, on average, course reviews took place every five years unless shorter review periods were necessitated by reasons such as program modification or reaccreditation. He also stated that course deletions refer to the elimination or deletion of an individual course whereas program deletions refer to the elimination or deletion of an entire program.

Chair Kudo asked whether the Distance Education Committee was formed in response to the COVID-19 pandemic and, if so, whether it would be made permanent in light of the increasing use of distanced-based learning, which may not diminish and may experience growth even after the pandemic passes. Mr. Oishi replied that the Distance Education Committee is already a permanent committee of the Faculty Senate and has been for some time due to the extensive offering of online courses at LeeCC. Chancellor Peñaloza added that the Committee was already very active in regard to online course instruction as, pre-COVID, just over 27 percent of LeeCC's curricula was offered in an online format and that the activity of the Committee will probably increase as LeeCC is anticipating continued growth in online course instruction. Chair Kudo inquired as to what percentage of classes LeeCC was projecting would be offered online in two years. Chancellor Peñaloza estimated that, given known factors, probably 40-50 percent of LeeCC's courses would be persistently offered online in two years.

Regarding the President's Report, Regent Acoba remarked that the board received over 1,000 pieces of testimony largely criticizing, and expressing dissatisfaction with, the consultation process and schedule used by the President and the Budget Team

concerning the university's budget process and proposed program reductions and mergers. He pointed out that much of the testimony focused on the absence of clarity, guidelines, and general criteria with regard to the process used by the Budget Team in making its suggestions and recommendations. Additionally, concerns were raised about the lack of adherence to Board Resolution 20-03 and provisions of the various collective bargaining agreements, the lack of financial data on cost-savings used as the rationale for some of the reductions and mergers, and the failure to engage all university stakeholders early-on in the process. Regent Acoba suggested that President Lassner develop standards, criteria, and clearly defined steps that use data and facts to establish a clear nexus between proposed actions and any fiscal benefits realized by the university. He also suggested that President Lassner work more collaboratively with departments and other stakeholders on this issue to better address the questions and concerns of the university community.

V. REPORT OF THE UNIVERSITY OF HAWAI'I FOUNDATION (UHF)

VP/UHF CEO Dolan provided a brief report on the work of UHF for Fiscal Year (FY) 2020, stating that fundraising proved to be particularly challenging this year due to the economic impacts of COVID-19. Adding to this difficulty was the fact that UHF reduced its personnel by approximately ten percent in response to anticipated reductions in operational revenues due to the pandemic. Nevertheless, UHF received \$84.7 million for FY 2020 which surpassed its established goal of \$75 million.

VP Dolan also pointed out some of the strengths of UHF over the past year, as well as areas in which it needed to improve. He noted that UHF did extremely well with regard to obtaining financial support from estates, bequests, and large foundations and trusts but that it needed to do better in its efforts to secure donations from high net-worth individuals. UHF needs to also enhance its messaging to donors as to why an investment in the university is a sound choice and must do a better job of exhibiting the achievements and successes of the university as a result of the donations it receives. Still, he was optimistic and confident about UHF's direction and effort in fulfilling its mission of supporting the ten campuses of the UH System.

Regent Sullivan inquired if UHF was examining the possibility of assisting the university in funding its operational budget shortfalls through the use of unrestricted funds currently available to UHF or initiating a campaign to secure additional unrestricted donations which could be used for this purpose. VP Dolan replied in the affirmative stating that unrestricted financial support is the most desirable type of support but also the most difficult to obtain. UHF actively promotes its Fund for Excellence which accepts unrestricted donations. However, VP Dolan stated that 98 percent of the donations received by UHF are earmarked for specific purposes and that it takes an enormous amount of trust in UHF and the university for someone to make an unrestricted donation. UHF intends to continue its efforts in this area and be more deliberate in securing unrestricted donations in the coming years.

Regent Acoba questioned why UHF staff was reduced by ten percent and how this would be reflected in its financial status. Mr. John Han, Chief Operating Officer for UHF, replied that UHF began evaluating its income sources at the beginning of the pandemic.

He noted that several sources of income, including bond investments, were severely impacted by the economic crisis caused by COVID-19 resulting in UHF experiencing a serious decline in operational revenues. As a result, UHF needed to implement a variety of cost savings measures to ensure that it was in a strong enough financial position to get through the pandemic. Cost savings measures that were taken included reductions-in-force, reductions in pay for management, foregoing expected annual pay increases for the current fiscal year, and institution of a hiring freeze for all vacant positions. These actions saved UHF approximately \$1.7 million for FY 2021.

VI. COMMITTEE REPORTS

A. Report from the Committee on Academic and Student Affairs

Committee Chair Wilson summarized the committee report.

B. Report from the Committee on Budget and Finance

Committee Chair Sullivan summarized the committee report.

C. Report from the Committee on Intercollegiate Athletics

Committee Chair Acoba summarized the committee report.

D. Report from the Committee on Planning and Facilities

Committee Chair Tagorda summarized the committee report.

E. Affiliate Reports

UH Student Caucus: Regent Acopan reported that the UH Student Caucus will be holding its first meeting of the academic year on September 26, 2020, and will include new member training.

VII. AGENDA ITEMS

A. Consent Agenda

1. **Approval of a Supplemental Resolution Authorizing the Issuance of Revenue Bonds for Refunding and University Projects**
2. **Approval of the FY 2020-2021 Supplemental Capital Improvement Project (CIP) Expenditure Plan**
3. **Approval of Authorization to Amend Pre-Closing Agreement with Greystar Development Services, LLC for Development of a Multi-Family Rental Housing Facility at the Fomer NOAA Site**
4. **Approval of Service Order to the Research Corporation of the University of Hawai'i for the University of Hawai'i Cancer Center Ho'ōla: Early Phase Clinical Research Center**

As previously noted at the September 3, 2020, meeting of the Committee on Planning and Facilities, Regent Sullivan stated that the engineering division of Oceanit, the company she is presently employed by, is party to a contract for work related to the Waikīkī Aquarium which is one of the CIP projects encompassed by the university's expenditure plan. Accordingly, she will be recusing herself from voting on consent agenda item A.2.

Regent Wilson moved to approve the consent agenda, seconded by Vice-Chair Moore, and noting the recusal of Regent Sullivan on agenda item A.2, the motion carried with all members present voting in the affirmative.

B. Approval of Amendments to RP 11.203, Naming of Campus Improvements and Academic Programs

President Lassner reported that RP 11.203, which sets forth policies regarding the naming of campus improvements and academic programs and was last updated in 2005, recently underwent a review by the administration. The administration suggested that a number of amendments be made to the policy to both clarify the delegation of naming authority regarding campus improvements and academic programs and to modernize the considerations for the naming of campus improvements and academic programs so as to recognize potential philanthropic opportunities for the university offered by the naming of facilities, buildings, or programs. He noted that the proposed amendments were presented, reviewed, and discussed at length at a meeting of the Committee on Planning and Facilities held on September 3, 2020. President Lassner stated that the committee voted to recommend board approval of the amendments to RP 11.203, subject to additional clarifying amendments being made to address concerns raised by the committee with regard to delegation of authority, and that the revised version of RP 11.203 was presently before the board for action.

Regent Acoba suggested that additional clarifying amendments be made to replace the phrases "will retain" with "shall have" in reference to the naming authority of the board over all university programs which award degrees and "will be retained by" with "shall reside with" in reference to the authority of the board over the naming of entire buildings, entire structures, and other property, whether philanthropic or honorific. He then made a motion to approve the amendments to RP 11.203, with these additional recommended changes, and the motion was seconded by Regent Tagorda.

Brief discussions ensued as to whether these additional clarifying amendments would necessitate the clarification of similar provisions regarding the delegation of authority contained in other RPs.

There having been a motion that was moved and seconded, Chair Kudo requested a roll-call vote, and the motion carried with all members present voting in the affirmative.

VIII. EXECUTIVE SESSION (closed to the public)

Regent Sullivan made a motion to convene in executive session, seconded by Regent Higaki, and with all members present voting in the affirmative, the board approved convening in executive session to carry out deliberations concerning the

authority of persons designated by the board to conduct labor negotiations or to negotiate the acquisition of public property, or during the conduct of such negotiations, and to consult with the board's attorneys on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities, pursuant to Sections 92-5(a)(3) and 92-5(a)(4), Hawai'i Revised Statutes.

The meeting recessed at 12:14 p.m.

Chair Kudo called the meeting back to order at 1:09 p.m. and announced that the board met in executive session to discuss legal matters and collective bargaining issues as stated on the agenda.

IX. ANNOUNCEMENTS

Chair Kudo announced that the next board meeting was scheduled for October 15, 2020, at a location to be determined.

XI. ADJOURNMENT

There being no further business, Regent Higaki moved to adjourn, seconded by Regent Wilson, and the motion carried, with all members present voting in the affirmative, and the meeting was adjourned at 1:10 p.m.

Respectfully Submitted,

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents

Item IV.

Report of the President and COVID-19 Update

**NO MATERIALS
ORAL REPORT**

Item IV.

Report of the President
KauCC Chancellor & Faculty
Senate Reports

MATERIALS

University of Hawai'i Board of Regents



UNIVERSITY of HAWAII®
KAUA'I
COMMUNITY COLLEGE

Joseph M. Daisy, Chancellor | October 15, 2020



2019-2020 AT A GLANCE

Unduplicated Enrollments

1,806

First-Time Full-Time Retention

72.8%



UNIVERSITY of HAWAII®
KAUA'I
COMMUNITY COLLEGE



Transfer to any 4-Year Institution



280

Associate or CA Awards



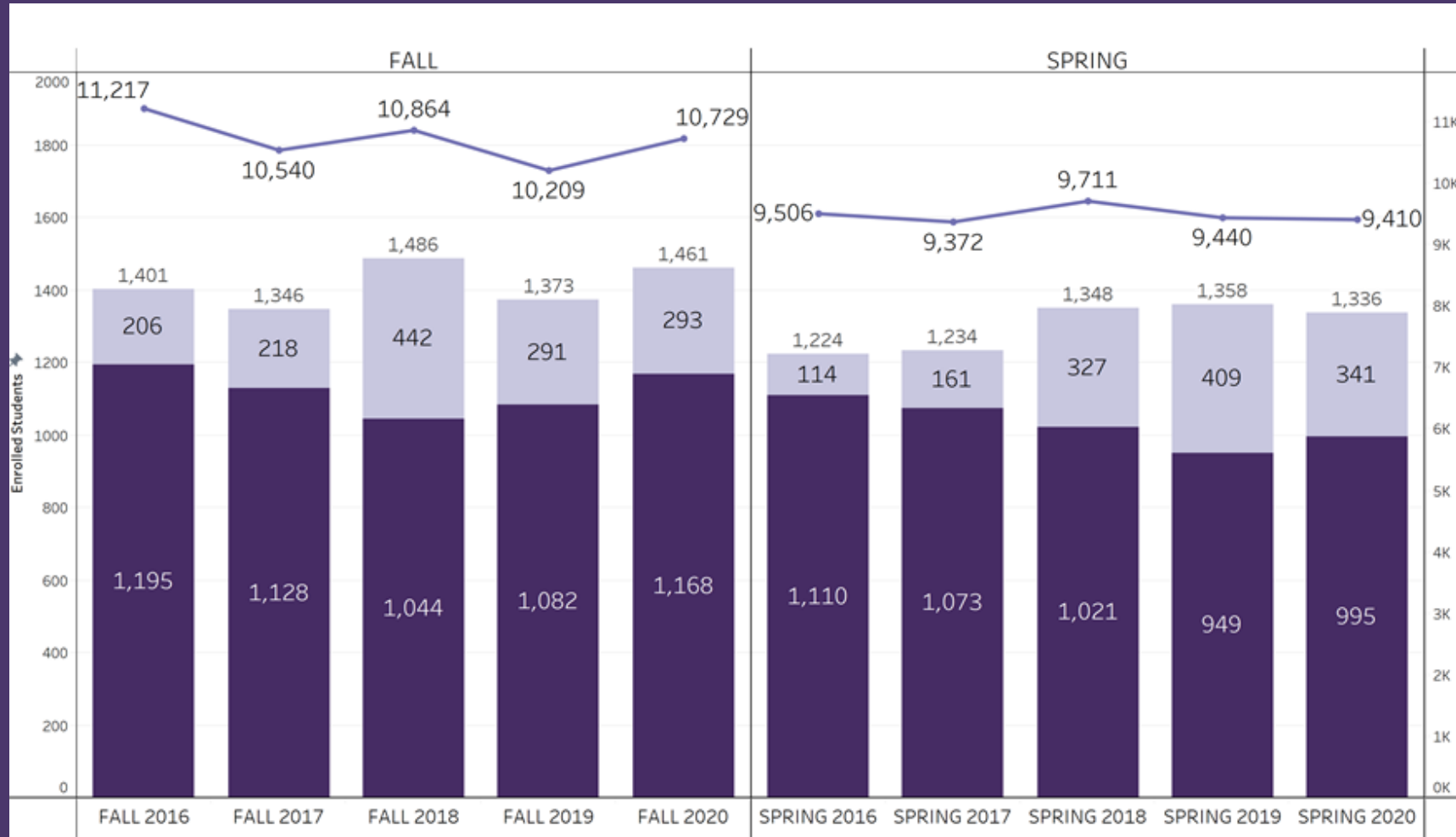
ENROLLMENT

SSH

— Combined

Enrollment

Early College
Regular





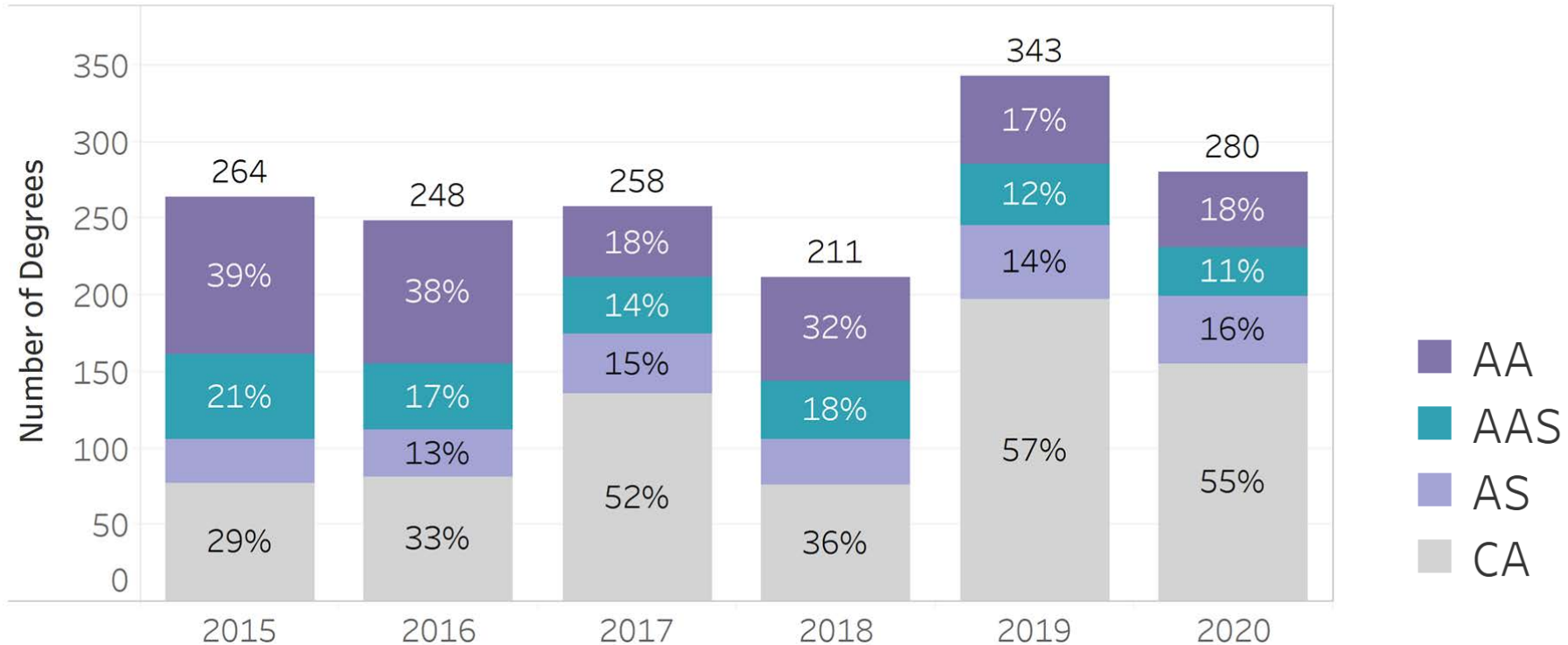
FALL TO SPRING RETENTION CONTINUES TO INCREASE

Population	2018 Cohort N	2019 Cohort N	Fall to Spring 2018	Fall to Spring 2019
Wai'ale'ale Program	68	65	72.1%	84.6%
Kīpaipai Program	44	100	79.5%	83.0%
Native Hawaiian or Part Hawaiian	103	106	71.8%	76.4%
No Program	155	206	68.4%	74.3%
First-Time Full-Time	105	136	78.1%	88.2%
First-Time Part-Time	110	109	66.4%	67.0%
ALL STUDENTS	267	306	71.2%	77.1%



DEGREES

Degrees & Certificates Awarded by Award Type						
	2015	2016	2017	2018	2019	2020
AA	103	93	47	67	58	49
AAS	55	43	37	38	40	32
AS	29	31	39	30	48	44
CA	77	81	135	76	197	155
Total	264	248	258	211	343	280



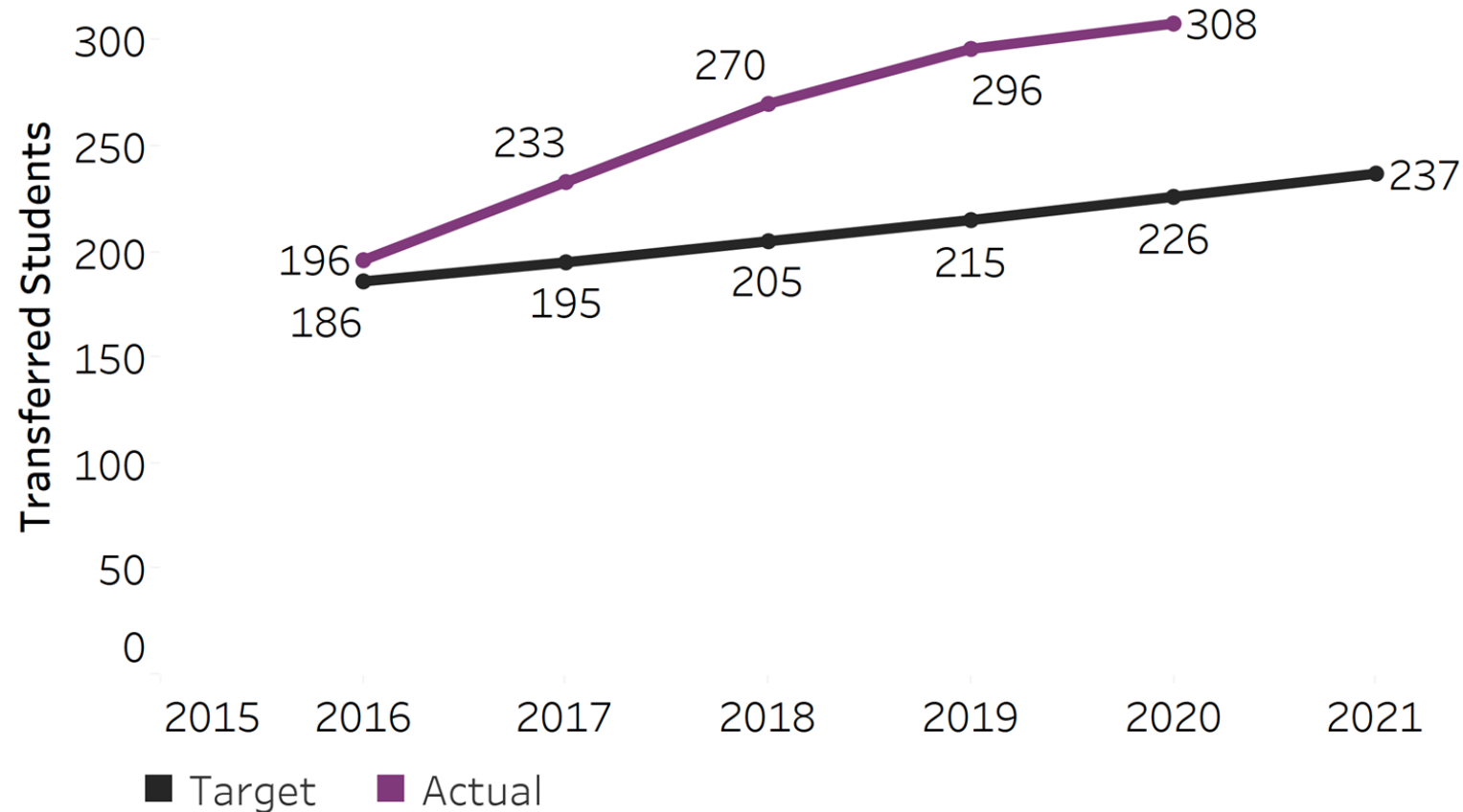


TRANSFER

Highest Number of Transfers in 2020






Transfer Target & Actuals

Transfer to All Baccalaureate Institutions





UHCC PERFORMANCE MEASURES

FY 2020	Weight	Goal	Actual	
Degrees & Certificates	35%	291		280
Native Hawaiian	10%	76		87
STEM Total	10%	16		34
Pell	10%	158		169
Transfers	35%	226		308
Total	65%			

Performance Funding Draft based on Spring End of Semester Data

Did Not Meet



Met





UNIVERSITY CENTER

2019-2020 ACADEMIC YEAR

- 147 Unduplicated Students in 40 University Center Programs
- 89% Fall to Spring Persistence Rate for Upper Division Majors
- 90% Course Success Rate
- 2,735 SSH earned for Students in University Center Programs
- 43 Degrees Awarded

STAY HEREGO FORWARD!



FROM OUR STUDENTS

- Support Survey sent to all current, classified students. 142 students responded
- Purpose: to gather data on food and housing security, employment, life factors, childcare, and technology challenges since COVID-19 in order to connect students with appropriate resources
- 40% “couldn’t afford to eat balanced meals”
- 40% worried that “food would run out before I got money to buy more”
- 22% did not pay the full amount of a utility bill
- 17% underpaid their rent/mortgage
- 41% looked for work in the past 30 days
- 27% have children and about half of them do not have reliable childcare



OFFICE OF CONTINUING EDUCATION & TRAINING (OCET)

Hawai'i Workforce Info Net (HIWI)

- Healthcare Practitioners & Technical
- Sales & Related
- Management
- Office & Administrative Support
- Protective Service.

Offering

- Customer service certification
- Training for leadership and management
- Basic office skills certification
- Security guard certification

Plans

- Re-developing Business Ag program
- Working with neighbor island community colleges to develop training to convert cesspools
- Developing digital badging of credentials for digital resumes



OUR WAY FORWARD

- Continue focus on Student Success to support completion and transfer, especially in response to challenges related to COVID-19 pandemic
- Continue to engage with community stakeholders to meet education and workforce needs
- Continue to be responsible stewards of fiscal resources without limiting the quality of instruction
- Strengthen our commitment to being a place-based and indigenous serving institution



“Ka ipukukui pio ‘ole i ke Kaua‘ula.”

The light that will not go out in spite of the blowing of the Kaua‘ula wind.

‘Ōlelo No‘eau #1414, Mary Kawena Pukui



University of Hawai'i Board of Regents



UNIVERSITY of HAWAII®
KAUA'I
COMMUNITY COLLEGE

Jonathan Kalk, Faculty Senate Chair



FACULTY NEWS and HIGHLIGHTS

- Reconfiguring library space for use in online classes
- Volunteer tech support for students
- Professional development - best practices for online teaching
- Sharing high-impact teaching strategies - student engagement
- New schedule time blocks started this Fall
- Revising General Education core for AS and AAS programs



FACULTY ADAPTING FOR FALL & FUTURE


- BUS program fully online for Fall
 - Attracting off-island students
 - ENT 125 students competing in EPIC 2020 Challenge
 - Collaborating across the system to make online offerings more efficient in the future



Student Engagement Series

Learn useful strategies to promote student engagement
in your online & remote classes from your peers!
Our first presenter


Julia Morgan



Will be discussing how she promotes lively and engaged
discussion with her students using Lantana, Zoom, and Google
Docs.

Friday, October 2

12:00-1:15 pm
Via Zoom ([Register Here](#))



UNIVERSITY OF KAUAI
COMMUNITY LITERACY

If accommodations are needed, please contact [Jill McNelis](mailto:Jill.McNelis@kauai.edu) (Jill.McNelis@kauai.edu) at least 2 days before the event.

14. How long is the piece of string that made the loop (in black) in the figure below?

ILei: both sides look like they need to use Vol. Form divided by two

chelsey: little semi circle and a whole circle

Justice: Loop of string, how the three half circles idea is chereh : Big: 18.84 Medium: 13 Small: 6.3

Noah: 18.84 cm

racel: a line with a measurement and string forming a shape through it

Three half circles and a line

one big half circle and a little half circle.

Shan: A few half circles and a string forming another shape

Three half circles: Carl

three half circles

Thiraphon- 3 half circle

Kobi: 3 half circles

Patrick: Three different sized half circles forming a shape

looks like half of a ying yang sign with three half circles moani.

Kylen: look like half of the ying yang symbol

a full circle could be made within the bigger one

Circumference = $2\pi \times \text{radius}$

Big O: $C = 2(\pi)(3) \approx 18.84$

Med O: $C = \pi(4) \approx 12.56$

Small O: $C = \pi(2) \approx 6.28$

String = $9.42 + 6.28 + 3.14 = 18.84$





STUDENT RESPONSE

“You know you're doing great job professor and I know that it must be like really hard for you folks. But kudos to you teachers out there doing online classes 'cause I just could not imagine how difficult it must be to gather all kinds materials.”



SHARED GOVERNANCE

- **Campus Comeback Committee** (Summer 2020)
 - Physical and procedural parameters for operation in the Fall
- **Campus Visits via Zoom** by VPCC and Assoc. VP for Admin Affairs
- **“Budget Ideas” Survey** for faculty and staff
- **“Blue Ribbon” Committee** to engage community and college leaders in visioning the future of Kaua‘i CC (Fall 2020 - TBA)
 - Meet the current and future needs of the community



SHARED GOVERNANCE

- **Hopes for the future**
 - Successful collaboration with administration through meaningful shared governance
 - Transparency and good faith from administration on budget and planning
 - Time to make well-informed recommendations on the college and system response to the budget situation



Mahalo



UNIVERSITY of HAWAI'I®
KAUA'I
COMMUNITY COLLEGE

Agenda Items:

A. Committee Work Plan

Chair Sullivan referenced the Committee Work Plan (Work Plan) noting that Regent Policy (RP) 8.204 had been added as it may become necessary to amend this policy should proposed amendments to RP 8.203 be approved by the board. Chair Sullivan stated that the Work Plan was intended to serve as an outline to guide the work to be performed by the committee during the coming year. Committee members did not voice any comments or objections to the Work Plan.

B. Presentation on the State Economic Forecast by Chief State Economist Eugene Tian

Dr. Eugene Tian, Chief State Economist and Administrator of the Research and Economic Analysis Division of the Department of Business, Economic Development and Tourism (DBEDT), provided a report on current economic conditions and the economic outlook for the state in light of the COVID-19 pandemic. He noted that, while Hawai'i has experienced some positive economic growth in certain sectors, the uncertainty of the pandemic continues to have negative fiscal impacts on Hawai'i's economy and labor market and overall economic conditions remain challenging. Economic recovery experiences for Hawai'i during the prior two economic downturns as well as economic forecasts were also presented with Dr. Tian stating that DBEDT is anticipating that economic recovery will begin near the end of this calendar year, albeit slowly, and that economic conditions will stabilize over the next two-and-a-half years. However, DBEDT also does not expect full economic recovery to pre-pandemic levels until sometime around 2026.

C. Fiscal Year (FY) 2020-2021 Financial Update

VP Young explained that this report was not intended to serve as an update on the current financial situation facing the university but rather was intended to provide updates on recent developments concerning assumptions and factors considered by the administration in formulating the university's draft expenditure plan (Plan) for FY 2020-2021 which was presented to the committee in September and deferred due to a number of concerns raised by Regents. Although the Plan is not ready for resubmittal due to the continued lack of uncertainty, VP Young reviewed additional information received by the administration that will allow it to refine and imbed more certainty into the Plan.

Discussion ensued on the additional information received by the administration, particularly with regard to general fund revenue allocations and tuition and fees revenues generated; the use of Coronavirus Aid, Relief, and Economic Security Act funds and budget reserve funds to address fiscal shortfalls; and issues concerning collective bargaining, salary reductions for Executive and Managerial personnel, and possible employment furloughs. Economic forecasts and the impact these forecasts would have on the university were also discussed.

D. Budget Policy Paper

President Lassner stated that the Budget Policy Paper (Policy Paper) is traditionally prepared and used as a guide in preparing funding requests to the Legislature based on strategic priorities for the institution. Given current circumstances with regard to COVID-

19, the currently proposed Policy Paper strives to lay out a framework for a multi-year strategy that takes a longer-term approach to address the fiscal crisis facing the university. He noted that the financial crisis facing the university and the state is expected to last a minimum of four years. As such, the usual austerity measures which have been used in the past to address budget shortfalls will not be sufficient. Achieving long-term economic stability and sustainability will require that the university pivot and make structural, organizational, and programmatic changes, including strategic reductions in various areas that will right-size the university and allow it to advance its core mission in a more efficient and effective manner, and increase and diversify its revenue streams by making strategic investments in, and leveraging the strengths of, the university.

Action: The Committee unanimously recommended board adoption of the Policy Paper.

E. Regents Policy 8.203, Operating Reserves; Non-General Funds

Chair Sullivan provided an overview of RP 8.203 and reviewed each of the proposed policy changes which included specifying the different types of reserves, what each type of reserve is intended to be used for, parameters indicating when board approval for the use of reserves would be required, and reporting requirements for the current and projected balances of each type of reserve. She noted that input on the proposed amendments was received from the administration.

Action: The Committee unanimously recommended board adoption of the proposed amendments to RP 8.203.

Agenda Items:

A. Review and Acceptance of Response to the Office of Internal Audit (OIA) Revenue Bond Covenant and Policy Compliance Report

Glenn Shizumura, Director of OIA, summarized the report on a review and evaluation of significant processes, procedures, and policies with respect to the issuance of revenue bonds, including the manner in which compliance with a revenue bond's debt covenants and federal income tax regulations is monitored by the university that was conducted. While OIA did not identify any issues of noncompliance, it did recommend several actions for administration to improve policies and procedures that further ensures that the issuance of revenue bonds meet all applicable compliance and debt covenant requirements.

Chair Moore summarized the administration's response to the recommendations contained in OIA's report highlighting that policies regarding revenue bond covenant and compliance issues are expected to be finalized by December 2020 and that the administration believes the most prudent course of action to take regarding the validation of revenue bond compliance, particularly with non-taxable revenue bonds, would be the continued procurement of external, third-party services to perform this task.

Action: The Committee voted to accept the report.

B. Review and Acceptance of Status of Corrective Action for University of Hawai'i at Hilo (UHH) Student Housing Services

Internal Auditor Shizumura explained that a review and evaluation of UHH Student Housing Services (Housing Services) was conducted in 2017 which noted some concerns, particularly with regard to occupancy rates. He stated that Housing Services initiated a corrective action plan in 2018 to address concerns raised in the report and that OIA conducted a review of the status of the corrective action plan in the same year. Housing Services prepared an updated report for 2020 on the progress of implementation of its corrective action plan and OIA has concluded that Housing Services has implemented or has made substantial progress in implementing all corrective actions.

Action: The Committee voted to accept the report.

C. Professional Development: Review of AICPA Toolkit for Government Organizations: Audit Committee Roles and Responsibilities, Charter Matrix, and Financial Expertise Considerations of Decision Tree

Mr. Cory Kubota, with Accuity LLP, provided information on, and an overview of, the primary duties, roles, functions, and responsibilities of both the Committee on Independent Audit as a whole, as well as individual committee members. He highlighted and reviewed some of the key oversight responsibilities of the committee as provided for in statute, such as oversight over various financial matters of the university, internal financial controls at the university, both the external auditor and OIA, and risk management issues. The presentation also provided information on issues including audit committee processes and procedures, financial reporting processes and their oversight, legal and regulatory requirements, and considerations that should be taken into account when making financial decisions.

D. Accuity University of Hawai'i Required Communications – Planning Phase

Ms. Jamie Asato, with Accuity LLP, presented a report on communications that are required to be provided to the committee during the planning phase of Accuity's annual audit of the university. She provided an overview of the scope of services Accuity provides as well as a summary of the scope of audits to be conducted for Fiscal Year (FY) 2020, audit timing and status, including the anticipated presentation of various reports to the committee, and the roles and responsibilities of Accuity under the United States Generally Accepted Auditing Standards. While Accuity continues to proceed with its audits of the university, Ms. Asato reported that, to date, Accuity has found no potential audit issues.

E. Whistleblower Report

Internal Auditor Shizumura reviewed the whistleblower reports periodically provided to the Committee regarding whistleblower activity by year and campus, as well as open versus closed whistleblower cases. He noted that some of the cases were dated but those were generally HR related cases that take some time to process due to a variety of reasons.

F. Office of Risk Management (ORM) FY 2019 and FY 2020 Annual Reports

VP Gouveia explained that ORM provides advice on risk-related matters; assists in the development of programs, policies and best practices to reduce the university's total cost of risk; and establishes the university's risk-financing and insurance strategy. It also administers the enterprise-wide workers' compensation program for the university. She stated that the university has established a risk financing and insurance strategy that effectively addresses the risks and claims that arise across its ten campus system and reviewed various provisions of the university's risk management program including various types of liability coverages and summarized claims associated with each of these areas. Expenditures incurred by the university in obtaining legal advice and other expert services on non-claim-related matters were also noted.

Item V.C.

Affiliate Reports

**NO MATERIALS
ORAL REPORTS**



Regents Policy Chapter 8, Business and Finance
Regents Policy RP 8.203, Operating Reserves; Non-General Funds
Effective Date:
Prior Dates Amended: Oct. 31, 2014 (recodified)
Review Date: August 2018

I. Purpose

To set forth policy on operating reserves and non-general funds.

II. Definitions:

No policy specific or unique definitions apply.

III. Policy:

- A. The university shall maintain adequate levels of operating reserves from non-general fund revenues. The amount of operating reserves shall take into consideration such factors as adequate financial ratios to preserve positive bond ratings, compliance with accreditation requirements, if any, and other financial management considerations as deemed prudent by the president and the chief financial officer, in consultation with the board.
- B. The board finds that, as a guidelines, operating reserves should be sufficient to provide for continued operations of the university for a minimum of two months. Understanding that each campus and unit of the university system operates under different circumstances and conditions, which may change over time, the board assigns the responsibility for the execution and implementation of this policy to the president, in consultation with the chief financial officer. Operating reserves in unrestricted non-general funds shall be monitored and reported quarterly to the Board of Regents.
- C. The university shall also maintain adequate levels of operating reserves for restricted non-general funds within the statutory authority of the respective funds. Such operating reserves shall be monitored on a quarterly basis by the respective campus responsible for such funds and reported annually to the Board of Regents.

IV. Delegation of Authority:

There is no policy specific delegation of authority.

V. Contact Information:

Office of the Vice President for Budget & Finance/Chief Financial Officer, 956-8903,
kalbert@hawaii.edu

VI. References:

- <http://www.hawaii.edu/offices/bor/>

Approved as to Form:

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents

Date



Regents Policy Chapter 8, Business and Finance
Regents Policy RP 8.203, ~~Operating Reserves; Non-General Funds~~ Reserve Policy
Effective Date: _____, 2020
Prior Dates Amended: Oct. 31, 2014 (recodified)
Review Date: August 201823

I. Purpose

To set forth policy on ~~operating reserves and non-general funds~~.

II. Definitions:

~~No policy specific or unique definitions apply.~~

A. "Emergency Reserves" are defined as funds set aside to ensure the university is prepared to address financial emergencies.

B. "Financial Emergency" exists whenever the board declares a state of fiscal emergency that has arisen due to a financial crisis which threatens the ongoing operations or survival of some or all of the institution. This may be due to a natural disaster, a man-made disaster, a state or institutional financial crisis, or other causes.

C. "General Operating Expenditures" are defined as the funds expended to support the general operations of the university from both general funds and the Tuition and Fees Special Fund (TFSF).

D. "Major Units" are defined as UH Mānoa, UH Hilo, UH West O'ahu, UH Community Colleges, and the UH System.

E. "Mandatory Reserves" are defined as funds set aside to meet statutory or legally required covenants.

F. "Operating Reserves" are defined as the balance of funds beyond regular annual operational funds that can be utilized to address requirements associated with program operations, as well as repair and maintenance requirements associated with facilities or one-time investments in either infrastructure, equipment, or programs.

III. Policy:

A. Types of Reserves

1. The university shall maintain adequate levels of ~~operating~~ emergency reserves from non-general fund revenues. ~~The amount of operating reserves shall take into consideration such factors as adequate financial ratios to preserve positive bond ratings, compliance with accreditation requirements, if any, and other financial management considerations as deemed prudent by the president and the chief financial officer, in consultation with the board.~~ Emergency reserves should be sufficient to provide for continued operations of the university for a minimum of two months, calculated as 16% of the average general operating expenditures over the last three fiscal years. Emergency reserve funds should be deposited into uniquely specified accounts specifically identified for use in emergencies.
2. The university shall also maintain adequate levels of mandatory reserves from non-general fund revenues to meet all statutory requirements, as well as contractual obligations such as covenants required by the respective funds. Adequate levels of reserves shall be determined by the president or designee, in consultation with the chief financial officer.
- ~~B-3.~~ The university shall also establish and maintain operating reserves from the unencumbered balances in non-general fund accounts, the purpose and objective of which shall be to meet needs associated with planned and unplanned non-recurring expenses such as repairs and maintenance, as well as those that may be necessary to assist with operational fluctuations in revenues or expenses that may occur on a year-to-year basis.

B. Use of Reserves

1. Emergency reserves may only be expended in a manner approved by the board when the board has declared a financial emergency. Regardless of the specific balance of any individual emergency reserve fund, all university emergency reserves shall be available to meet the financial emergency.

-
2. Requests for approval to use emergency reserves must justify use of these funds by providing, at a minimum:
- a. The specific amount and use of the funds within the context of existing budget plans;
 - b. Alternative actions that are available if the funds are not utilized; and
 - c. A multi-year budget plan that ensures the restoration of emergency reserves over a reasonable period of time.
- C.3. Mandatory reserves and operating reserves shall be maintained and managed by the responsible program manager. Use of these reserves to cover expenses other than their intended purpose must be reviewed and approved by the board.
4. The board shall approve an annual multi-year operating budget that shall explicitly show the current and projected balances of emergency, mandatory, and operating reserves for each of the major units.
- C. In the event a financial emergency is declared by the board, the chief financial officer, in consultation with the president, may sweep reserves from all major operating units to be applied on a systemwide basis, as is determined to be necessary under the circumstances.
- ~~D. The board finds that, as a guidelines, operating reserves should be sufficient to provide for continued operations of the university for a minimum of two months. Understanding that each campus and unit of the university system operates under different circumstances and conditions, which may change over time, the board assigns delegates the responsibility for the execution and implementation of this policy to the president, in consultation with the chief financial officer. Operating reserves in unrestricted non-general funds shall be monitored and reported quarterly to the Board of Regents.~~
- ~~E. The university shall also maintain adequate levels of operating reserves for restricted non-general funds within the statutory authority of the respective funds. Such operating reserves shall be monitored on a quarterly basis by the respective campus responsible for such funds and reported annually to the Board of Regents.~~

IV. Delegation of Authority:

| There is no policy specific delegation of authority, other than as set forth above.

V. Contact Information:

Office of the Vice President for Budget & Finance/Chief Financial Officer, 956-8903,
kalbert@hawaii.edu

VI. References:

- <http://www.hawaii.edu/offices/bor/>

Approved as to Form:

| ~~Cynthia Quinn~~ Kendra Oishi
Executive Administrator and
Secretary of the Board of Regents

Date



Regents Policy Chapter 8, Business and Finance
Regents Policy RP 8.203, Reserve Policy
Effective Date: _____, 2020
Prior Dates Amended: Oct. 31, 2014 (recodified)
Review Date: August 2023

I. Purpose

To set forth policy on reserves.

II. Definitions:

- A. "Emergency Reserves" are defined as funds set aside to ensure the university is prepared to address financial emergencies.
- B. "Financial Emergency" exists whenever the board declares a state of fiscal emergency that has arisen due to a financial crisis which threatens the ongoing operations or survival of some or all of the institution. This may be due to a natural disaster, a man-made disaster, a state or institutional financial crisis, or other causes.
- C. "General Operating Expenditures" are defined as the funds expended to support the general operations of the university from both general funds and the Tuition and Fees Special Fund (TFSF).
- D. "Major Units" are defined as UH Mānoa, UH Hilo, UH West O'ahu, UH Community Colleges, and the UH System.
- E. "Mandatory Reserves" are defined as funds set aside to meet statutory or legally required covenants.
- F. "Operating Reserves" are defined as the balance of funds beyond regular annual operational funds that can be utilized to address requirements associated with program operations, as well as repair and maintenance requirements associated with facilities or one-time investments in either infrastructure, equipment, or programs.

III. Policy:

A. Types of Reserves

1. The university shall maintain adequate levels of emergency reserves from non-general fund revenues. Emergency reserves should be sufficient to provide for continued operations of the university for a minimum of two months, calculated as 16% of the average general operating expenditures over the last three fiscal years. Emergency reserve funds should be deposited into uniquely specified accounts specifically identified for use in emergencies.
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3. The university shall also establish and maintain operating reserves from the unencumbered balances in non-general fund accounts, the purpose and objective of which shall be to meet needs associated with planned and unplanned non-recurring expenses such as repairs and maintenance, as well as those that may be necessary to assist with operational fluctuations in revenues or expenses that may occur on a year-to-year basis.

B. Use of Reserves

1. Emergency reserves may only be expended in a manner approved by the board when the board has declared a financial emergency. Regardless of the specific balance of any individual emergency reserve fund, all university emergency reserves shall be available to meet the financial emergency.
2. Requests for approval to use emergency reserves must justify use of these funds by providing, at a minimum:
 - a. The specific amount and use of the funds within the context of existing budget plans;
 - b. Alternative actions that are available if the funds are not utilized; and

- c. A multi-year budget plan that ensures the restoration of emergency reserves over a reasonable period of time.
 3. Mandatory reserves and operating reserves shall be maintained and managed by the responsible program manager. Use of these reserves to cover expenses other than their intended purpose must be reviewed and approved by the board.
 4. The board shall approve an annual multi-year operating budget that shall explicitly show the current and projected balances of emergency, mandatory, and operating reserves for each of the major units.
- C. In the event a financial emergency is declared by the board, the chief financial officer, in consultation with the president, may sweep reserves from all major operating units to be applied on a systemwide basis, as is determined to be necessary under the circumstances.
- D. The board delegates the responsibility for the implementation of this policy to the president, in consultation with the chief financial officer.

IV. Delegation of Authority:

There is no policy specific delegation of authority, other than as set forth above.

V. Contact Information:

Office of the Vice President for Budget & Finance/Chief Financial Officer, 956-8903,
kalbert@hawaii.edu

VI. References:

- <http://www.hawaii.edu/offices/bor/>

Approved as to Form:

Kendra Oishi
Executive Administrator and
Secretary of the Board of Regents

Date



UNIVERSITY of HAWAII

David Lassner
President

October 7, 2020

RECEIVED

20 OCT 4:23 P

MEMORANDUM

TO: Benjamin A. Kudo
Chairperson, Board of Regents

FROM: David Lassner
President

A handwritten signature of David Lassner in black ink.

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

SUBJECT: Approval of Budget Policy Paper Framework for Fiscal Biennium 2021-2023

SPECIFIC ACTION REQUESTED:

The Board of Regents is requested to approve the Budget Policy Paper Framework for Fiscal Biennium 2021-2023 (Budget Policy Paper).

BACKGROUND:

The Administration traditionally prepares a budget policy paper for review and approval by the Board of Regents (Board) pursuant to Regents Policy 8.204, to guide the preparation of requests to the Legislature for additional funding. These are based on the strategic priorities for the institution.

In this unprecedented pandemic crisis, the University of Hawai'i (UH) and the State are facing the greatest financial crisis since statehood, which has resulted in a different approach to the Budget Policy Paper, which outlines a multi-year strategy and includes the following:

- Background on the State's financial condition and the UH's two largest revenue sources: general funds and tuition revenues.
- Context for the UH's budget strategy.
- Plan for addressing the fiscal challenges including:
 - Laying out a multiyear framework for the path forward;
 - Managing the 2021 fiscal year (FY) budget;
 - Setting forth priorities for FY 2022 and beyond; and,
 - Describing a framework for rightsizing and repositioning UH programs and operations for FY 2022 and beyond.

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

An Equal Opportunity/Affirmative Action Institution

Benjamin A. Kudo
Chairperson, Board of Regents
October 7, 2020
Page 2 of 2

- Navigating from FY 2021 to FY 2022-2024 and beyond.
- Describing a legislative approach.

At a meeting held on October 1, 2020, the Committee on Budget and Finance reviewed and recommended Board approval of the Budget Policy Paper.

ACTION RECOMMENDED:

Based on the foregoing, it is recommended that the Board approve the Budget Policy Paper as attached.

Attachments:

Budget Policy Paper Framework for Fiscal Biennium 2021-23 (October 1, 2020)

**Budget Policy Paper Framework for
Fiscal Biennium 2021-23
(October 1, 2020)**

I. Background

The University of Hawai'i (UH) traditionally prepares a budget policy paper each biennium to guide the preparation of its requests to the Legislature for additional funding. These are based on the strategic priorities for the institution.

This year is like no other. Not only are the UH and the state of Hawai'i in the midst of a pandemic crisis, but we are also facing the greatest financial crisis since statehood.

Operational funding for UH derives primarily from two sources. As of 2019-20 this represents approximately 60% from state General Fund revenues (Gfunds) and approximately 40% from student tuition revenue deposited into and expended from the Tuition & Fees Special Fund (TFSF). Auxiliaries and other programs (Parking, Housing, Athletics) represent additional revenue and expenditure streams that are mostly dedicated to their statutory purposes. Extramural research funding is substantial, but only indirectly supports campus operations as direct extramural funds must be spent for the specific purposes for which they are awarded.

General Funds

UH leadership has been briefed on the last two State Dept of Budget & Finance (B&F) plans for FY21 and beyond. Key elements include:

1. There is a projected operating budget deficit in the range of \$2.3B for the current biennium. As a comparison, the projected deficit in 2009 at the start of the Great Recession was about \$750M. The latest version of the B&F financial plan implements a number of mitigations for FY21 including a substantial 3-yr loan from the federal government, the use of carryover funds and reserves, and the deferral of contributions to fund committed post-retirement health care benefits of state employees.
2. The B&F plan for calls for restrictions of the legislative (SB126/Act9) appropriation and payroll savings beginning in FY21 and continuing for the following three years through a furlough program involving nearly all state employees, including UH employees. Nobody believes the economy will return to FY19 levels in less than 4 years, and most project longer. In addition to the depression of state tax revenues caused by the economic downturn, general fund appropriations for fiscal years FY22-24 will be severely impacted by the requirement to pay back the substantial federal loan as well as the depletion of reserves and carryover funds used to balance the FY 21 budget.
3. So in addition to the general fund budget reductions in FY21 including payroll savings, we should expect even greater reductions in the subsequent three (at least) years.

4. There is no certainty of any federal budget relief for the state or UH, although both political parties have proposed support for higher education that could be helpful to UH in FY21 and potentially FY22.

Tuition Revenue

Enrollment and the resulting tuition revenue for FY21 remains uncertain, even at this writing upon the close of the Fall 2020 census date. Three campuses show increased headcount enrollment and increased tuition billed, but so far we are seeing a higher percentage of unpaid tuition bills than at the same time last year. So even on the campuses with increased tuition billed we have a reduced level of actual tuition revenue in hand. The other seven campuses show headcount enrollment declines in the single digit percentage.

At this time the administration is not contemplating proposing to the Board of Regents an increase in tuition rates to generate additional revenue as was done during prior recessions. UH tuition is no longer among the lowest in the country as was historically the case, so any increase in rates is likely to impact affordability for those who most need higher education during this crisis and may even result in a reduction of revenue if fewer students enroll due to higher tuition rates.

If history is a guide, we can expect increasing enrollment in community colleges during periods of high unemployment. During the last recession this increase was substantial. However, the enrollment growth of some 20% was not immediate and ramped up each year of the recession until the economic recovery created enough jobs to draw students back into the workforce. As of Fall 2020 community college enrollment remains depressed in both Hawai'i and nationally.

II. Context for Institutional Strategy

After decades of growth and expansion through most of its first century, this is the 4th financial crisis UH has faced in the last 30 years. In spite of multiple initiatives to identify priorities and propose consolidations and reductions, UH had an extraordinarily difficult time making changes in the face of opposition by internal and external stakeholders. UH has therefore survived prior recessions and state budget reductions primarily through non-strategic tactics such as: (1) reducing non-personnel costs that are easier to cut such as facilities repair & maintenance and equipment replacement; (2) temporary freezes on travel, equipment purchases and hiring; (3) temporary furloughs/pay reductions; (4) across the board reductions in allocations that impacted all units equally regardless of factors such as productivity and centrality to the core needs of Hawai'i; and (5) increasing tuition until it reached and exceeded peer levels. As just one example, the sad condition of the UH Mānoa campus facilities is a result of repair and maintenance budget reductions made during recessions.

UH has also not put itself in a position since the last recession to focus on and invest in a significant way in the priorities needed for the State of Hawai'i to thrive. This is especially important today as UH must help Hawai'i recover from the economic

destruction wrought by this pandemic. Even in the face of devastating budget reductions, there are some critical needs for the state that UH must not only support but invest in to advance economic and social recovery.

III. Plan for Addressing the Challenge

Multiyear Framework for Path Forward

It is clear that general belt-tightening and across-the-board reductions are not tools that can take us to our desired future. UH must act expeditiously to address the immediate budget crisis in the current fiscal year and also address at least the next 4 years and probably more of fiscal challenge. At the same time, UH must be able to make new investments to focus in areas most critical to the recovery and future of Hawai'i. This policy paper therefore lays out the path forward in two parts. First, it provides a short description of the austerity measures taken during FY21 to live within current means. Then it describes priorities for the future and lays out a path forward to focus on them.

Managing the FY21 Budget

Recognizing the direction of the economy early in the pandemic crisis, UH was the first state organization to implement a freeze on significant expenditures. The current freeze applies to non-extramural funding and includes:

- freeze on hiring in regular positions (Exceptions only by Pres)
- freeze of significant non-personnel spending: out-of-state travel, major equipment, service contracts (Exceptions only by Pres)
- freeze on interisland travel (Exceptions only by an Officer)
- work to develop a retirement incentive program for faculty

All units have operating reserves in the form of TFSF that exceed the 5% minimum called for in current Executive Policy but in the aggregate are less than the 16% called for in current Regents Policy. UH Mānoa, which has historically maintained operating reserves at the level of schools and colleges, will be centralizing reserves at the campus level similar to the other four major UH units (CCs, UHWO, UHH and System). As we have greater clarity about the expected release of general funds to the UH we will try to develop an FY21 operating budget that does not touch reserves during FY21, and builds on them, to help UH through the even more difficult years expected ahead as well as for the possibility of additional unanticipated future emergencies.

Priorities for FY22 and Beyond

Hawai'i has a small population but given our distance from the continental U.S., it was natural for UH to add programs to meet the needs of local residents. And until the economic challenges of the 1990s, UH was able to add programs and grow units with legislative support over many years.

The context today is very different. A major statutory change in the mid-1990s provided for UH to retain its tuition in the newly created TFSF. Subsequent Gfund reductions by the state have shifted responsibility for funding about 40% of general UH operations to

university-generated tuition revenue. As is often stated, UH has tried to be all things to all people. With that substantial shift of funding responsibility from the state to tuition, and now facing the deepest Gfund reductions in our history, Hawai'i and UH can no longer afford that.

As the public university for the State of Hawai'i, UH is uniquely positioned to help the state recover from the pandemic and develop a stronger, more diversified, and more sustainable society and economy with a focus on creating more high-value jobs in the eventual recovery. UH cannot shy away from these obligations for lack of funds – the state needs its university to step up, pivot, and help.

The four priorities identified to address Hawai'i's greatest needs for recovery and a sustainable society and economy are:

1. Engage more Hawai'i residents in post-secondary education & training

We know that people with a college education earn more over their lifetimes, pay more taxes, are less likely to become unemployed in a recession, return to the workforce faster after a recession, live longer, are more healthy, draw on fewer publicly-funded social services, vote more, volunteer more and are less likely to become incarcerated. Their children are less likely to be raised in poverty and more likely to receive a quality education that will prepare them to follow their own paths through higher education to better lives. Engaging in higher education is one of the best ways we know of to improve quality-of-life across generations. It not only benefits individuals but their families and the entire state.

There are a number of keys to turning this around for Hawai'i. UH community colleges must remain open, affordable and supportive to provide opportunity on every island, particularly to those who have not considered college part of their future. It will be critical to find more ways to help the Hawai'i Department of Education prepare more public school students to enroll and succeed in higher education. UH also needs to offer more of the programs employers and students need in more flexible formats (online, hybrid, evening/weekend) across the state so that those who have become unemployed, underemployed or unfulfilled can seize the opportunity to obtain the education and training they need for career advancement and change. This flexibility must become a permanent aspect of how UH supports all the people of Hawai'i as lifelong learners.

Regardless of the disciplines in which our students are educated and the modes of instruction, UH must continue to provide a strong educational foundation that ensures our graduates are prepared to fully contribute in their careers and communities. Graduates, and citizens, need to be able to communicate effectively orally and in writing; they need quantitative reasoning skills; they need to understand science and evidence; they need the critical thinking skills to be able to assess facts and reason; they need to be able to work together in teams; they need to be empathetic citizens with cultural competence; and they need

knowledge and understanding of Hawai'i's unique land and people so they can contribute to the Hawai'i we aspire to for all. To thrive in the future before us, and to help Hawai'i thrive, UH graduates must be creative thinkers, problem solvers, innovators and lifelong learners who are prepared to advance community sustainability and resilience in the broadest senses of those terms. These are the foundations of a strong education regardless of major or discipline.

2. Prepare more Hawai'i residents to fill the jobs Hawai'i needs

In addition to increasing the general education level of our state, we need to prepare more Hawai'i residents for jobs that exist in Hawai'i, now and moving forward. When Hawai'i residents are qualified for Hawai'i jobs we create wins for both employees and employers. Several specific employment sectors experience systemic shortages in which there is opportunity now. UH needs to focus on appropriate education and training programs to prepare traditional and non-traditional students for careers in these professions.

Education

Hawai'i needs more teachers and early educators, and we need to develop them locally within Hawai'i. Ideally we will develop them on the islands where they are needed so that teachers in schools are from and of the communities they serve. Hawai'i has particular shortages in special education teachers, secondary level STEM teachers, Hawaiian language immersion teachers and school counselors. UH needs to step up with a set of innovative statewide programs to prepare diverse students, both recent high-school graduates and returning adults, to succeed in these shortage areas and others. We also know that as a state we need to do better at early childhood education. This will require a major workforce initiative that has yet to be conceived. More broadly, UH can become an extraordinary positive influence on the quality of public P-12 education in the state by educating the next generation of teachers and leaders of the Hawai'i Department of Education. Getting this right will advance the state and help UH by preparing more of Hawai'i's children to enroll and succeed in higher education.

Health Care and Social Welfare

Hawai'i needs to address the critical shortage of health care and social service workers, particularly on the neighbor islands. These are important and wide-ranging jobs that require education and training from post-secondary certification to advanced/graduate degrees. And improving our health care infrastructure improves quality-of-life for all. We need to attract new students into these careers, for which there is now and will continue to be demand. We need to consider programs that can be affordably developed to create greater opportunity for local residents to obtain living-wage jobs, including those for which they currently need to leave to be educated (e.g. Physical Therapy). Mental health and counseling must be

part of our holistic community health and wellness ecosystem. Some of this will require expanded partnerships with health care providers, particularly to support more clinical training. Students must be educated to participate in and lead more integrated team approaches to health care delivery and to fully embrace telehealth, which has rapidly expanded during the pandemic.

Construction, Design and the Built Environment

If Hawai'i decides to lead out of the current recession with construction, as we have traditionally done in times of economic challenge, then UH needs to ensure that Hawai'i residents are prepared to fill the jobs that will be created. This must include a fast-track to move the currently unemployed into skilled labor jobs, a clear role for the UH community colleges. Additionally, UH must educate thoughtful designers and architects of sustainable built environments appropriate for Hawai'i and our post-pandemic future, for example, to design the necessary long-term retreat from rising sea level. Hawai'i will also need more high-performing construction engineers and managers.

Many of these jobs may be filled by "traditional" students -- 18-22 year-old recent high school graduates. Hawai'i also needs immediate, agile and welcoming programs for working-age and working adults to fill these jobs and careers that our communities need. Retraining and upskilling programs for "non-traditional" students will need to embrace non-traditional education modalities including online, distance, hybrid and evening/weekend approaches. We can leverage the many lessons from the pandemic forcing an immediate pivot to fully online education as we more thoughtfully create new online opportunities for learning. Our strategies must also include the development of educational pipelines that seamlessly integrate our K12 system, community colleges and universities to prepare students for success at every level of education and career. These must include a stronger emphasis on work-based learning approaches including internships, apprenticeships and employer-supported programs.

3. Seed new economic sectors and develop new approaches to old ones

We all realize, now more than ever, that Hawai'i needs a more resilient and diversified economy with more living-wage jobs. Our complete reliance on tourism has proven time and time again to be fragile in the face of external stressors (COVID-19, 9/11), even as unfettered growth has stressed our environment, infrastructure and communities.

For decades Hawai'i has talked about the need to develop a stronger innovation and technology sector to supplant tourism, sugar and pineapple. Sugar and pineapple are gone and we have made some progress, but nowhere near enough. One lesson is that there is no single "silver bullet" that can replace a singular dominant economic sector. Rather, we must seize every opportunity to create sustainable economic activity that is a fit for Hawai'i. In so doing it is

essential that we consider both our internal needs – the goods and services required within Hawai'i – as well as the absolute necessity to develop additional robust "traded sectors" that bring external revenue in to the state.

UH has two vital roles in the economic development and diversification of Hawai'i. We must bring our expertise to bear on the challenges associated with the necessary shifts in our economy, while at the same time developing and providing the suite of educational offerings that prepare learners of all ages and backgrounds to lead and participate in each sector.

The following clusters frame a relatively tight set of economic and workforce sectors for priority and investment. By looking simultaneously inward and outward, these clusters can balance internal needs, environmental sensitivity and opportunities for strengthening our traded economy to lessen our dependence on tourism.

- Computer Science & Engineering including
 - Data science and artificial intelligence / machine learning
 - Cybersecurity
 - Creative Media Industries
- Food, Agriculture and Aquaculture
- Climate Change, Resilience, Energy and Conservation ("green jobs")
- Sustainable Tourism

4. Strengthen the UH research enterprise as a major economic and intellectual driver

We need to embrace and strengthen the importance and role of UH scholarship in Hawai'i's recovery, both intellectual and economic. UH faculty comprise a hugely significant source of expertise and a resource to both public and private sectors. Year in and year out we see governmental officials and legislative bodies turn to UH experts to study problems and recommend/provide solutions from the economy and health care to agriculture and social services. Making the shifts we need as a state will require the continuing engagement of UH faculty and their expertise in helping craft a new future for Hawai'i.

In addition to identifying and advancing specific solutions for Hawai'i, the extramural funding UH brings in to the state comprises a \$450m/year and growing economic sector. This enterprise represents a significant contribution to the economy of Hawai'i and is directly responsible for creating thousands of high-quality jobs with indirect economic impacts of many many millions more that support businesses on every island.

While high performing in some areas, we know there are opportunities for growth in extramural funding based on comparing federal research investments to our current performance. UH must focus on increasing our extramural funding in

specific areas where there are unrealized opportunities and where Hawai'i enjoys globally competitive advantages and/or needs:

- Health sciences – particularly areas of health disparities
- Agri/Aquaculture – leveraging our diverse environments and our growing season
- Computer science and engineering – beginning with promising strengths in cybersecurity, data science and AI/ML and building up in engineering
- Pacific engagement – leveraging our location and natural affinities to support national priorities in health, education, and economic development

Even as we identify these new sectors for priority and investment, we must also continue to ensure leadership in the significant areas in which UH and Hawai'i enjoy notable successes in extramural funding. These include:

- Ocean, atmospheric and earth sciences, including water
- Astronomy and space sciences
- Environmental microbiology and sciences
- Climate change and resilience
- Energy
- Disaster management
- Study of Asia and the Pacific (all disciplines)
- Hawai'i and its people

UH also needs to continue to improve at creating value for UH and the community from the intellectual outcomes of its research programs through both local job creation and revenue generated (royalties, license fees) from intellectual property.

Rightsizing and Repositioning UH Programs and Operations for FY22 and Beyond

UH has undertaken several reorganizations over the past three years that have reduced administrative requirements while others are underway and under consideration.

Program eliminations, consolidation and sharing across the state must also be considered, with a particular focus on supporting and advancing those programs that will help Hawai'i and UH recover from the pandemic crisis. Some of these changes will also have significant positive academic impacts for students and the state, e.g., sharing of programs among islands can create opportunities for more students.

UH must also diversify its funding base beyond state general funds and tuition revenue. Most colleges and universities across the country have identified and developed additional revenue streams. UH and its campuses must do the same. This will take investment at the very time resources are most limited. But we cannot reshape UH finances without developing stronger additional revenue sources.

Major change is required, but UH has been challenged in its ability to make really difficult decisions over the last three recessions. When confronted with the inevitable stakeholder opposition. This created significant organizational inertia and a belief that we can't change or that any leader can just be "waited out." Legacy policies and

operating practices must be reviewed and reconsidered to ensure full community engagement and consultation takes place, but over months rather than years, in order to position UH for a future not just for a raft of changes for FY22 but with the expectation of continuing need for rapid change in the face of ongoing uncertainty.

Examples of the measures UH must consider during FY21 to reduce costs and generate revenue beginning in FY22 include:

Measures for Cost Reductions and Efficiencies

- Administrative and support reorganizations on and among campuses/system
- Increase efficiency and effectiveness of support services
- Identify space that can be abandoned to reduce lease and/or maintenance costs
- Program actions: realignment, consolidation, sharing, termination. Criteria:
 - What does Hawai'i need to recover from this pandemic
 - What is non-essential to Hawai'i today
 - Size/impact, efficiency, excellence
- Implement and enforce measures on small course sections
- Strengthen adherence to collective bargaining agreement workload provisions
- Encourage retirements
 - retirement incentive program
 - modernize periodic review process

Revenue opportunities:

- Monetize UH real-estate
- Increase philanthropy
- Protect current and strengthen promising sources of extramural funding
- Reach new learners
 - non-credit / professional education
 - military education
 - more robust online and adult-oriented program offerings
 - attractive new programs leading to living wage jobs in Hawai'i
- Increase general enrollment
 - increase going rate from Hawai'i high schools / offer guaranteed admission
 - increase transfers from UH CCs to UH universities
 - increase numbers of non-resident/international students
 - continue to improve retention
- Monetize graduate assistant tuition waivers
- Identify opportunities with auxiliaries
- Increase community utilization of available UH facilities and resources

IV. Navigating from FY21 to FY22-24 and Beyond

The tactical measures adopted in FY21 are expected to contribute substantially to reducing expenditures. Some of the changes associated with the rightsizing activities will take time to work through consultation, collective bargaining, and accreditation

requirements so will not achieve immediate savings. As expenditures are reduced through structural changes, some of the tactical measures can be relieved.

So the path from FY21 to FY24 will involve maintaining the tight controls of FY21 until the strategic and structural savings begin to accrue and additional revenue sources can contribute to operations.

The goal will be a stable but smaller university by FY24 that does not operate under austerity measures like furloughs and freezes. And more importantly, a university that is efficient and effective in focusing on the needs of the people of Hawai'i. From that point it is expected that growth may resume in areas of greatest need and opportunity.

V. Legislative Approach

While there are no new resources on the near-term horizon, the priorities for FY22 and beyond outlined above need to shape the reduction of the UH operating budget with a clear focus on what Hawai'i needs most.

Although final budget preparation instructions have not been issued by State B&F, Executive Memorandum No. 20-07 does provide insight into their overall direction with reduction targets of 10%, 15%, and 20% from current general fund appropriation levels. We expect that any requests for additional funding will be discouraged if not forbidden, as it appears reductions to the overall state general fund operating budget will be well over half a billion dollars per year.

The schedule set forth by State B&F for administrative departments will be difficult or impossible for UH to follow. They have already expected a full inventory of programs with a priority listing of proposed reductions to meet their 10%, 15%, and 20% targets. This deadline could not be met given UH's requirement to engage in consultation with students, faculty, and staff before seeking approval by the Board of Regents.

The UH Administration will strive to work with State B&F and the Governor to adhere to their requirements for submitting a biennium budget request to the Legislature while at the same time maintaining the appropriate and necessary communications and consultations with all parties within UH.

Finally, a note about the biennium CIP budget. The UH has developed one of the most effective construction programs in the state. Given the general disposition of Hawai'i to utilize public construction as a tool to help recover from economic downturns, UH will plan to submit a request to accelerate its program of Renovation, Improvement Modernization (RIM) which has been limited only by the lack of adequate investment by the State. The only new buildings that will be considered for funding requests will be those in the BOR-approved 6-year rolling CIP plan.



October 9, 2020

MEMORANDUM

TO: Board of Regents
University of Hawai'i

FROM: Benjamin Kudo
Chair, Board of Regents

SUBJECT: Appointment of Maunakea Planning Task Group

This is a request that you approve the appointment of a permitted interaction group to be known as the Maunakea Planning Task Group (Task Group), whose scope is to: review and investigate proposed changes to the Maunakea Master Plan and Comprehensive Management Plan (collectively, "Plans"); follow up on the requested actions in Board of Regents (Board) Resolution 19-03 and identify other critical issues pertaining to the Plans; and make findings and recommendations to the Board.

Proposed Task Group members are: Regent Ben Kudo, Board Chair; Regent Alapaki Nahale-a, Board Vice Chair, Hawai'i Island Regent, and Regent-member of the Mauna Kea Management Board (MKMB); Regent Eugene Bal III, Maui Island Regent; Regent Wayne Higaki, Hawai'i Island Regent and Regent-member of MKMB; and Regent Ernest Wilson, Maui Island Regent. The Task Group may engage with University Administration, government officials, and outside advisors as needed.

Item VII.

Executive Session

**ITEMS TO BE
DISCUSSED IN
EXECUTIVE
SESSION**

Item VIII.

Evaluation of the President

NO MATERIALS