



# UNIVERSITY OF HAWAI'I

## TESTIMONY

### PRESIDENT'S OVERVIEW

Testimony Presented Before the  
Senate Committee on Ways and Means  
and  
House Committee on Finance

January 12, 2006

by

David McClain  
Interim President  
University of Hawaii System

**Testimony of David McClain  
Interim President  
University of Hawai'i System**

**Joint Hearings of the Senate Ways and Means and House Finance Committees**

**January 12, 2006**

Chairs Taniguchi and Takamine, members of the Senate Ways and Means and House Finance Committees: Mahalo for this opportunity to appear before you today to present the Supplemental Budget request approved by our Board of Regents earlier this fall. I will also be providing testimony on the Executive Budget brought forward by the Governor.

Joining me today are the chancellors from each of our 10 campuses, along with several other members of my leadership team. Chancellor Denise Konan will present the operating budget request for UH Mānoa; Chancellor Rose Tseng will present the operating budget request for UH Hilo; and Chancellor Gene Awakuni will present the operating budget request for UH West O'ahu.

During the past year we have reorganized the leadership structure of our community colleges and created a Vice President for Community Colleges position. Dr. John Morton, for many years the leader of Kapi'olani Community College, has been named as the first occupant of that position, but is unable to be with us today. In his absence I will present the overall community college operating request, assisted by each of the chancellors of our seven campuses, and by Associate Vice President for Academic Affairs Mike Rota and Associate Vice President for Administration Mike Unebasami. Vice President for Budget and Finance and Chief Financial Officer Howard Todo will present the UH System operating budget request, and Director of Capital Improvement Projects Jan Yokota will present our systemwide capital improvement Supplemental Budget request. Also joining me today from the UH System are Sam Callejo, Vice President for Administration; Linda Johnsrud, Vice President for Academic Policy and Planning; Jim Gaines, Vice President for Research; and Walter Kirimitsu, Vice President and University General Counsel.

Aquarium Director Andrew Rossiter and Small Business Development Center Director Darryl Mleynek are available to answer any questions you may have about their particular budget requests.

Appreciation for Biennium Budget Support, and a Report on the State of the University

Permit me to take this opportunity to thank the Legislature for your support of our Biennium Budget request. In January of this year we requested \$70 million in new operating funds for the biennium, and \$306 million in capital improvement funds. The

Legislature approved a 2005-2007 operating budget increase of \$23 million and a capital improvements budget of \$168 million. We are indeed grateful that you have sought to increase your investment in the university, and of course are grateful for the strong economy that has provided the double digit tax increases that have made this investment decision easier to make.

The funding you've provided comes at a propitious time for the University. As I detailed in my convocation remarks last September, a copy of which is attached to this testimony, "UH is better off today than it was a year ago, and we can all be proud of that. But I'm still not satisfied, and ... much remains to be done."

In particular, our strategic plan is sound and being extended through 2020 via the Second Decade project I've launched; our financial outlook is improving and our research enterprise is in the midst of another banner year; Mānoa is making good progress in its effort to recover from the October 30, 2004 flood that caused \$100 million in damages; in the wake of the 15% surge in our enrollments in the first half of this decade, our campuses are operating more efficiently, and we're using public private partnerships to expand our capacity to serve the State's and our students' needs. As I state in the convocation remarks, one of our leading citizens who has taken several classes at Manoa has characterized our faculty as superb and our students as bright and involved ... but has made the familiar observation that our facilities are in substantial need of repair.

This repair and maintenance backlog – now some \$175 million -- owes much to the funding history of the past decade. Vice President for Administration Callejo advises me that the state's investment in UH has now exceeded its fiscal 1995 level for the first time in a decade. Ten years ago, UH received \$352 million (11.5% of the state's budget). The next year, fiscal 1996, our general funds appropriation was reduced to \$283 million, 9.3% of the state's budget, and we were permitted to keep our tuition (then \$40 million) for the first time; the net effect was a 1996 total of \$323 million, an 8.2% decrease in resources available to UH. This general funds allocation dipped to \$260 million in fiscal 1999 then rose to \$313 million in fiscal 2005, 8.1% of the state's budget.

#### The Supplemental Budget Request Approved by the Board of Regents

Senators and representatives, our Supplemental Budget request reflects the assessment of our needs stated in my fall convocation remarks, and grows out of the elaborate "stocktaking" process we used to develop our biennium budget request. Just to refresh your memories from my testimony on this matter last year, that process requires each of our operating units to review their strategic plans, their academic plans and their budget plans, and to bring them into alignment. We ask each of our chancellors to review their plans and how they have been financing them, in the context of our ongoing processes – required by our accreditors -- of program review and assessment, and to propose any changes in programs and financing in that performance-based context.

Our capital improvement budget calls for the following:

- \$88.4 million to address deferred maintenance
- \$4.5 million for infrastructure improvements
- \$12.7 million for health, safety and code requirements; and
- \$187 million for continuing and initiating facilities projects on several of our campuses
- \$33.5 million for UH West O‘ahu design and infrastructure construction

On the operating side, we’re requesting some \$35 million in continuing funding, including the following items. We’ve prioritized requests across the System to facilitate your decisionmaking; a spreadsheet outlining our priorities in three tiers is attached with this testimony.

- Over \$6 million at UH Hilo, including \$1.4 million to help establish a College of Pharmacy, \$1.0 million for Native Hawaiian initiatives, and significant increases in student support funding.
- \$700 thousand for UH West O‘ahu, half of which is for elementary education positions, with most of the balance for student support.
- Nearly \$11 million at our community colleges, including \$1.7 million for program review and assessment, \$2 million for workforce development initiatives, nearly \$1 million for programs for Native Hawaiians, and \$2.2 million to relieve UH Hilo of the financial burden of supporting Hawai‘i Community College activities.
- \$9 million at UH Mānoa including nearly \$1 million for increased student support, some \$2 million for revitalization of the arts and sciences, engineering, creative media, social work and tropical agriculture faculty and curricula, nearly \$1 million for workforce development in nursing, and \$1.4 million for Native Hawaiian programs.
- In addition to the above, nearly \$7 million across all campuses for electricity increases (\$4.3 million at Mānoa, \$200 thousand at UH Hilo, and \$2.4 million at the community colleges).
- Restoration of 18 positions at Mānoa, and 14 positions at the System, of the 207.5 positions that were swept last year by the Legislature, and conversion to permanent status of 38 positions in information technology that have been temporary for a number of years.

Our operating budget also includes a one-time \$6.6 million request for “working capital” funding to convert student tuition waivers to scholarships. Based on subsequent analysis by our new chief financial officer, Mr. Howard Todo, we now believe that our auditors will not require this working capital funding in order for us to proceed with this conversion. Accordingly, we are deleting it from our request.

## The Executive Budget

Upon receipt of the Board of Regents budget, the Director of Budget and Finance contacted the University to discuss our priorities, and to review areas in which the Governor wished to propose expenditures in excess of what the Regents have recommended – in particular, workforce development funds concentrated on nursing, teaching and construction.

In general, we believe that the Governor's proposed expenditure plan is a healthy step in the right direction, and we're particularly pleased about the additional workforce development monies and the repairs and maintenance funding she has included in her plan.

The Governor has proposed to fully fund the first and second tier priorities of our systemwide budget, for a total of \$23.7 million in 2006-2007. Of course we're supportive of that decision, though we would have liked all \$35 million that we requested to be funded.

Also in the executive operating budget is \$10 million in general funds for repairs and maintenance. This is an important step in restoring the University's operating base budget for repairs and maintenance.

Finally, there's \$11.2 million for workforce development funding over and above what's recommended in our BOR-approved budget, with \$5.0 million in nursing education, \$623,000 in teacher education, and \$5.5 million in construction. These proposed programs were developed with advice from the subject matter experts at UH in these areas, including UH Mānoa School of Nursing Dean Mary Boland, UHM College of Education Dean Randy Hitz, and Honolulu Community College Chancellor Ramsey Pedersen.

On the CIP side, the Governor's budget proposes \$43.0 million – roughly half of the \$88.4 million requested – to address deferred maintenance. It also includes \$33.5 million in general obligation bonds for the design and infrastructure of the West O'ahu campus, and an authorization ceiling of \$175 million in special funds to develop the first phase of the campus in Kapolei. Included in the BOR-approved budget for CIP, but not included in the Governor's budget, are these projects, which I have listed in order of our priority:

- Health, Safety and Code Requirements, Systemwide - \$12,666,000
- Infrastructure Improvements, Systemwide. - \$4,521,000
- UH Hilo, Science and Technology Building, Phase I - \$5,000,000
- UH Manoa, New Classroom Building - Design for new undergraduate education complex - \$3,845,000
- UH Manoa, Gartley Hall Renovation – Design - \$951,000
- Windward CC, Library and Learning Resources Building – Design - \$2,590,000

- Honolulu CC, Science and Technology Facility \_ Plans & Design -\$2,690,000
- Honolulu CC, Pacific Aerospace Training Center – Reroof Hangar 111 – Design & Construction to reroof Hangar 111 @ Kalaeloa - \$2,559,000
- UH Hilo, Student Services Building Addition and Renovation – Design and Construction - \$21,045,000
- Information Technology Center, Systemwide – Design - \$4,022,000
- UH Manoa, Institute for Astronomy, Advanced Technology Research Center in Kula, Maui – Equipment - \$2,000,000
- Major CIP Planning, Systemwide Plans for University of Hawaii programs – Project to include Long Range Development Plans (LRDP) updates, Project Development Reports (PDR’s) and other planning documents - \$3,206,000
- UH Hilo, Campus Center Addition and Renovation. – Design and Construction - \$2,900,000

While we understand the Governor’s need to make choices and set priorities, as the leader of this University I believe that the Legislature should fund the entire CIP budget request approved by the Board of Regents.

Increasing continuing operating funding by the magnitude recommended by the Board of Regents for the Supplemental Budget for 2006-2007, \$35 million, together with the \$23 million appropriated in the two years of the Biennium Budget, would augment the University’s net annual operating budget by approximately 19%. That is a healthy amount. However, in the 2003-2005 biennium state revenues rose by 8.3% in the first year, and 16% in the second, while the University’s budget was essentially flat. In this biennium, state revenues are forecast to grow by 8% this year and 7.5% next, so that over the 2003-2007 period they will have risen by 46%. In that context, the 19% rise seems modest.

The continuing funding proposed by the Governor (the total operating amount of \$45 million) is larger, and on top of what’s already been approved in the Biennium Budget would boost our operating budget by about 23%. This is an improvement, but still would result over the two biennia in a UH budget increase about half of the increase in state revenues.

### Some Questions about Funds Use and Priority Setting

Before concluding, permit me to address some questions that have been raised concerning our expenditure and budgeting practices: the meaning of vacant positions; the notion that “all money is green”; the way to reconcile the University’s autonomy with Legislative and Executive budget intent; and the implications of the recent State Auditor’s report on financial management at the Mānoa campus.

Vacant Positions. The funding history presented above on page two sheds some light on another question that some of your colleagues in the Legislature have posed: Why did the University accumulate over the years a number of vacant positions, and where have the

funds put in our budget when these positions were created gone? As I stated in the joint Higher Education Committee hearings on December 15, this is no mystery: much of the answer to these questions lies in the above funding history. Declining general funds support, not offset by increasing tuition, led to a decline in the overall UH budget. UH leaders at the time held on the positions, even though they didn't have the funding, in the hope that matters would turn around. Most recently, my predecessor proposed a \$100 million increase in the UH budget for the 2003-2005 biennium to reverse years of declining support, and that proposal was dead on arrival.

Only with the last Legislative session has the UH budget seen any net new funding, in excess of collective bargaining increases. Ironically, this new funding was accompanied by a substantial reduction in vacant positions, so much so that we're requesting in this Supplemental Budget the restoration of 18 positions at the Mānoa campus, and 14 positions at the System. The reason is that when the Legislature acted, recruitment was under way for these positions.

The notion that there is money parked somewhere with these vacant positions is specious; since general funds expire at the end of each biennium, it would be impossible to carry over any unspent balances.

Expenditure of Funds Appropriated for the First Year of the Biennium. Attached to my testimony is a spreadsheet chronicling our progress in spending the funds appropriated for this current fiscal year, the first year of the biennium. Each of our chancellors is prepared to address that question later this morning as part of their presentation.

Let me say that in general the university, like any other employer in a state with the lowest unemployment rate in the nation and thus a very competitive labor market, has added to staff more slowly than we would have hoped. That said, we've redeployed the resources made available as a result to a variety of purposes: enhancing the security environment of our campuses via the purchase of equipment, hiring temporary instructors in order to get programs running while we recruit for more permanent faculty, and payment of our soaring electricity costs. Indeed, funding rising electricity costs is a leading item in our Supplemental Budget.

Any redeployment of resources, of course, respects the laws of our State which prescribe how different categories of funds may be used, as well as similar policies of our University. Subject to that constraint, we seek to improve our efficiency by recognizing the fungibility of money. You might say that we consider all money to be green, though particular legal or policy restrictions (e.g., for expenditures from research and training revolving funds) makes some funds have a different shade of green than others.

Marrying State needs with University flexibility. In recent weeks there's been some public discussion about the University's autonomy and the degree of discretion we have in employing the funds the Legislature appropriates and the Governor approves. I want to assure the committees that our chancellors take seriously the intent embodied in the budget provisos and worksheets we receive. At the same time, consistent with the State

Constitution and Hawai‘i Revised Statutes, in implementing the budget I have given the chancellors discretion to use the funds provided in the fashion they believe will most benefit their campuses and the students who study there; where this purpose deviates from the expenditure pattern suggested by the legislature, I have asked the chancellors to document and explain their plans.

There is a broader question of proposing to add money and/or positions to a campus when the Board of Regents-approved budget contains no such request. Whether the idea comes from the Legislature or the Executive branch, the appropriate way to surface such proposals involves first having a conversation with the University’s leadership, at the president and chancellor level. Very often, you will find us receptive to your suggestions about new initiatives, or augmenting programs already funded – particularly when they address critical state needs; in today’s economy, one of these needs is workforce development. Occasionally, we will say that an idea that surfaces during the session is simply not a priority for us or the State, and ask that you reconsider.

Recently our accreditors have commented, “During the 1980s our (accreditation review) teams were greatly concerned about legislative intervention through legislation or line-item budgeting, often put in by a single legislator attempting to privilege a specific campus, program or individual....These concerns led the University of Hawai‘i...being placed on Warning for lack of sufficient autonomy.”

We’re grateful for your cooperation, and that of the Executive branch, as we strive to be responsive to the state’s needs, but to do so in a way that sustains our academic and operational integrity and thus our accreditation.

The State Auditor’s Report. We were, candidly, disappointed in the quality of some aspects of the work represented in the State Auditor’s report on financial management at our Mānoa campus, and have included for the two committees’ information a full copy of my letter of reply to Ms. Higa. I would be happy to discuss our response more fully with the committees, as would Mr. Todo, our chief financial officer. Of course, in the areas where we do agree with the Auditor’s findings, we are undertaking initiatives to address them. Moreover, we are dedicated to continuously improving our financial management and budgetary processes. That said, we do think we do a responsible job of controlling and managing the scarce financial resources entrusted to us. Our external auditors, PricewaterhouseCoopers, have given us an unqualified opinion on our financial statements, and no material weaknesses in internal controls have been reported as a result of their audits. Our budgeting process based on the “stocktaking” approach, outlined earlier in my testimony, is the most transparent and thorough this University has pursued in a number of years, and does result, as our accreditors require, in the alignment of our strategic, academic and budget plans.



## Conclusion

We believe the Board of Regents-approved Supplemental Budget request represents a prudent but necessary response to the needs of our students and their families for quality academic programs taught in quality facilities by our excellent faculty, and to the needs of the State of Hawai‘i for workforce development. We endorse the Governor’s efforts to augment our workforce development efforts with additional funding for teaching, nursing and construction.

Thank you for your attention, and for your continuing enthusiastic support of the University of Hawai‘i as we transform lives, give our students some of the ingredients for success, and prepare them – as you senators and representatives have done – to change the world.

## Attachments

1. President’s Convocation Remarks
2. Biennium Budget Implementation Report
3. Systemwide Priorities in the Supplemental Budget  
Approved by the Board of Regents
4. Response to Draft State Auditor’s Report on Financial Management at UH-Manoa

**Remarks of Interim President David McClain  
at the  
2005 University of Hawai'i System Convocation**

**September 13, 2005**

*Aloha! Today we celebrate the latest vintage in a century-long tradition of excellence in teaching, research and service at the University of Hawai'i. Owing to the behavior of Mother Nature over the summer in Kennedy Theatre, we hold this celebration in a non-traditional setting, here in Orvis Auditorium. One might say that the bottle is new, but the wine remains the finest in our vineyards.*

*As the leader of your university over these past 15 months, I've felt at times like a commissioner of a major sports league, with our 10 campuses representing 10 teams. Like major league sports, we've got major market teams, teams in small markets, and teams with strong regional followings.*

*I'm pleased to say that every market we serve wants more of us – probably because the value of the excellent education we provide – that is, what it's worth in the marketplace -- is at least 3 times what it costs our students and their parents to buy it (at Mānoa) and as much as 7 times (at our community colleges). That's a fancy way of saying that the taxpayers of Hawai'i subsidize between 70% and 85% of the cost of our students' education.*

*To continue with the sports metaphor, our dedicated chancellors are the leaders, the general managers and the coaches, of those teams. And today is the day we announce the all-star roster – and an impressive roster it is.*

*(Those who have been listening closely will have noticed that I've used a metaphor about alcohol, and a sports metaphor – but I haven't tied them together. Don't worry – I'm not going there today!)*

*For the last 10 years or so, it's become traditional for the President to use this opportunity to reflect on the state of the University. Let me do so....briefly.*

*The "Cliff's Notes" version of the remarks to come is this: **UH is better off today than it was a year ago, and we can all be proud of that. But I'm still not satisfied – and neither should you be.***

*Our strategic vision is sound. We see ourselves as a University in an island setting, and the values we emphasize are the values that island peoples generally, and Native Hawaiians in particular, exalt: respect for each other and for the communities we create, and respect for the environment in which we live – both bound up in the Hawaiian*

*concept of ahupuaa, where finite resources were shared for the benefit of all. Within this island context, we acknowledge and celebrate our multicultural heritage, and our role as a bridge between the cultures of the West and the cultures of the Pacific and of Asia.*

*I believe this strategic vision makes the University of Hawai'i both locally responsive...and – in this increasingly globalized, “island Earth” world -- globally significant.*

*Our financial outlook is improved. For the first time in five years, we've received new money from the State Legislature (excluding collective bargaining augmentations) – though we received only about 30% of the \$70 million we needed for Native Hawaiian programs, workforce development initiatives, critical infrastructure items and to cope with the 15% enrollment surge of recent years.*

*We've put in place a multiyear tuition plan that will make what our students and their parents pay more similar to our peer institutions – and we've quadrupled the amount of financial aid going to needy students, so that we can continue to be among the nation's leaders in the access of the poor to higher education.*

*The University of Hawai'i Foundation raised \$34 million for UH, up 30% from the year before, and is aiming to raise \$43 million this year, the fourth of the Centennial Campaign.*

*Our research enterprise had another banner year, producing some \$354 million in grants and contracts, up from \$329 million in 2003-2004. We've submitted our indirect cost rate proposal, and expect to receive a more generous reimbursement rate for our indirect costs in the years to come.*

*Our campuses are operating more efficiently. Here at Mānoa, last spring Vice Chancellor Smatresk found a way to offer 8% more sections without any additional funding. This fall the Mānoa leadership managed the crushing demand for housing with many fewer complaints.*

*And of course Mānoa is the campus which faced a flood that did \$100 million of damage and lost only two days of classes – very much representing the “kulia i ka nu'u” (strive for the highest) spirit which I said last year would be the motto for my Administration.*

*Across our 10 campus system, our faculty and staff coped with another surge in enrollment, and responded quickly to the booming economy's needs for workforce training. I'm often amazed that nearly 30,000 individuals are pursuing some form of noncredit education every year at UH.*

*And in a way, I'm pleased that this year the enrollment surge seems to have abated, for with our 50,000 students pursuing a degree of some kind, we are certainly at capacity.*

*In order to expand our capacity, under the Regents' leadership the University is embarked on several public/private partnership initiatives, including*

- *Renovation and expansion of student housing here at Mānoa, with a goal of having more than 5,000 beds in 5-7 years, up from slightly more than 3,000 today.*
- *Build out of the West O'ahu campus to 1500 and then nearly 3000 students.*
- *Creation in Kakaako – adjacent to the two new buildings of the John A. Burns School of Medicine which have come on stream this year – of a comprehensive Cancer Research Center which will integrate research and clinical studies, simultaneously improving the quality of cancer care in Hawai'i while increasing the volume of research in the life sciences.*

*These initiatives will be joined by others elsewhere in the System to create additional housing, augment campuses, and add research and classroom facilities.*

*Since some of these initiatives will take us beyond 2010, the final year of our strategic plan, I've launched a “**Second Decade**” project to help us understand the State's need for higher education during 2011-2020, and where and how UH should respond to that need.*

*Recently, one of our leading citizens, an executive with several degrees who's worked and lived in Europe, North America and Asia, took the opportunity to take several courses in the humanities here at UH. I was most interested in his evaluation, as I hope you will be.*

*Here it is:*

*Professors --- Second to none; as good as the best he's experienced at leading universities in the U.S. and Europe.*

*Student engagement --- Many were bright and involved, but more than he expected were just “punching the clock” en route to their degree.*

*Facilities and the physical environment – Poorly maintained, poorly illuminated...a danger, and a tragedy.*

*His assessment provides a useful template about where we need to go from here.*

- *We must create an attractive and safe physical environment for our students...the recent initiative to earmark 5% of “new” general and tuition funds in the biennium for security upgrades is a start, but there's much more to be done.*

*Repair and maintenance, long an afterthought at this university, must become a priority. And we must vigilantly maintain and improve our technology base.*

- *We must engage our students more directly. We have excellent programs in service learning, for example, thanks to the work of Bob Franco at Kapi‘olani Community College and others, but they are not widespread. Working with our chancellors and faculty, I look forward this year to a conversation about ways to achieve greater civic engagement by all our students, and a greater celebration of democratic ideals, in the context of our own celebration of 100 years of higher education in Hawai‘i.*
- *We must support – and in some cases renew, given their current demographic profile – our excellent faculty. With new funds flowing in, many departments will be in the market for new faculty for the first time in several years. But where will these faculty live? And how can they afford to come here? We’re taking a close look at what can be done to augment our current complement of faculty housing; this may be another area where public/private partnerships can be productive. On faculty salaries, which have increased by just 2% per year through mid-2006, we’re fortunate that the current contract increases faculty compensation by about 8% per year through mid-2009. We’ll need every bit of this to stay competitive.*

*Facilities, students, faculty – these are the ingredients of the transformational educational experience the University of Hawai‘i has provided to its graduates over the years.*

*As your President, it’s my responsibility to sustain and improve all three. In the year just finished, with the help of the Regents, the UH System leadership team, the chancellors, and really the entire UH ohana, we’ve made some progress...but I’m not satisfied, and much remains to be done. Mahalo nui loa for the opportunity to serve this great University which has been my professional home for the last 15 years.*

UNIVERSITY OF HAWAII  
FY 2005-06  
GENERAL FUNDS

Revised: 12/09/05

MAJOR UNIT	DESCRIPTION	APPROPRIATED (PCRs)		PLANNED EXPENDITURES		SAVINGS		PROJECTED USE OF SAVINGS	
		FTE	\$	FTE	\$	FTE	\$		
UH Manoa	Section 40, Act 51, SLH 2004, Teacher Education	8.00	500,000	8.00	500,000	0.00	0		
	Flood Damage Funds	0.00	31,000,000	0.00	31,000,000	0.00	0		
	Funds for JABSOM in Kakaako	0.00	3,200,000	0.00	3,200,000	0.00	0		
	Undergraduate Nursing Program	5.00	334,000	5.00	167,000	0.00	167,000	5% Security	
	College of Engineering	3.00	175,000	0.00	0	3.00	175,000	5% Security	
	Campus Security	0.00	240,000	0.00	240,000	0.00	0		
	CTAHR Agric Research & Marketing	9.00	500,000	9.00	500,000	0.00	0		
	Ethnic Studies Faculty	2.00	120,000	0.00	0	2.00	10,000	2 FTE, recruitment/start-up costs	
							110,000	5 % Security	
	Lyon Arboretum	7.00	500,000	7.00	252,000	0.00	248,000	Lyon infrastructure	
	Philippine Studies	3.00	180,000	3.00	60,000	0.00	10,000	2 FTE, recruitment/start-up costs	
							110,000	5% Security	
		Sub-total Manoa	37.00	36,749,000	32.00	35,919,000	5.00	830,000	
	UH Hilo	North Hawaii Education Resource Center	3.00	123,750	3.00	75,000	0.00	48,750	
Pacific Aquaculture & Coastal Resource		6.00	218,864	6.00	100,000	0.00	118,864		
Mauna Kea Astronomy Educational Ctr		5.00	411,250	5.00	200,000	0.00	211,250		
Instructional Staffing		8.00	300,000	8.00	150,000	0.00	150,000		
Nursing Education		2.00	115,000	2.00	25,000	0.00	90,000		
Library Support		3.00	86,392	3.00	50,000	0.00	36,392		
Library Hawaiian Collection		1.00	34,000	1.00	28,349	0.00	5,651		
Teacher Education		0.00	110,000	0.00	50,000	0.00	60,000		
		Sub-total Hilo	28.00	1,399,256	28.00	678,349	0.00	720,907	\$61,405 Mandated for security by President McClain as one-time expenditure \$110,000 this PCR to provide for Title IX compliance in athletics was not funded. To be compliant, we added women's golf, provided more scholarship to women athletes and adjusted coach's salary in womens sports. PCR is again submitted for supplemental funding. \$85,000 Institutionalize the Five year Title III Infrastructure Grant as mandated by the granting agency. PCR was not funded last year and is again submitted for supplemental funding. \$50,000 To increase the Native Hawaiian student population at UH Hilo. This is part of our initiative to better serve the Native Hawaiian population in the State. PCR was not funded last year and is again submitted for supplemental funding. \$414,502 Utility cost increase is projected to be about \$800,000 for the year. PCR was not funded last year and is again submitted for supplemental funding.
UH West Oahu	Education Facility	1.00	34,500	1.00	34,500	0.00	0		
	Applied Health	1.00	46,000	1.00	46,000	0.00	0		
	Sub-total West Oahu	2.00	80,500	2.00	80,500	0.00	0		
UH Community Colleges	HCC, Construction Academy	2.00	90,000	2.00	90,000	0.00	0		
	HCC, Students with Disabilities	2.00	150,000	2.00	150,000	0.00	0		
	HCC, CENT BA Program	2.00	100,000	2.00	100,000	0.00	0		
	KCC, Equipment Replacement	0.00	250,000	0.00	250,000	0.00	0		
	LCC, Teacher Training Program	5.00	178,000	5.00	104,619	0.00	73,381	Lecturer/overload	

MAJOR UNIT	DESCRIPTION	APPROPRIATED (PCRs)		PLANNED EXPENDITURES		SAVINGS		PROJECTED USE OF SAVINGS
		FTE	\$	FTE	\$	FTE	\$	
	WCC, Hawaiian Studies Program	2.00	115,000	2.00	85,358	0.00	29,642	1 position has been filled, recruitment of instructor has begun, expected to be filled 01/06, funds being used for temporary instructor from October,
	WCC, Technological Support	3.00	173,730	3.00	173,730	0.00	0	
	WCC, Counselor	1.00	50,000	1.00	40,401	0.00	9,599	College has used these funds to fill existing counselor vacancy.
	WCC, Financial Aid/Student Services	1.00	33,333	0.00	0	1.00	33,333	Funds used to fill Financial Aid Program position.
	HICC, Island-Wide Workforce	5.00	200,608	5.00	157,667	0.00	42,941	\$16,000 Lease rental for UH Center West Hawaii
	HICC, Remedial & Developmental Educ	1.00	37,532	1.00	18,766	0.00	18,766	\$5,011 postage & telephone usage cost
	HICC, Financial Aid/Student Services	1.00	50,000	1.00	24,696	0.00	25,304	\$45,000 replacement van for transporting carpentry students
	Maui CC, Applied Business & Info Tech	3.00	151,033	3.00	151,033	0.00	0	\$21,000 Computers
	Maui CC, Remedial Programs	2.00	88,000	2.00	88,000	0.00	0	
	Maui CC, Financial Aid/Student Services	1.00	50,000	1.00	50,000	0.00	0	
	Kauai CC, Students with Special Needs	1.00	66,000	1.00	40,554	0.00	25,446	Cover electricity shortfall
	Kauai CC, Nursing Program	1.00	92,326	1.00	59,242	0.00	33,084	Purchase laptop computers and Nursing supplies
	Kauai CC, Improve Student Services	1.00	100,000	1.00	35,912	0.00	64,088	\$17,000 Computer Operator
	Kauai CC, Financial Aid/Student Svcs	1.00	50,000	1.00	26,060	0.00	23,940	\$25,088 Increase Security Guard Service
	Syswd CC, Assigned Time/Conversion	15.00	465,000	15.00	465,000	0.00	0	\$22,000 SAS License Fee
	Syswd CC, Grants-in-Aid PAAC	0.00	80,000	0.00	80,000	0.00	0	Improve Security Lighting
	Sub-total UH CC	50.00	2,570,562	49.00	2,191,038	1.00	379,524	
UH Systemwide Programs	Banner	2.00	200,000	2.00	200,000	0.00	0	
	Program Review Assessment	0.00	100,000	0.00	100,000	0.00	0	
	Financial Aid Counselors	0.00	198,000	0.00	198,000	0.00	0	
	State Scholarship Program	0.00	500,000	0.00	500,000	0.00	0	
	Commission on National & Comm Srvc	0.00	145,000	0.00	145,000	0.00	0	
	Grants-in-Aid for HI Inst for Public Affairs	0.00	100,000	0.00	100,000	0.00	0	
	Grants-in-Aid for Natural Healing Science Foundation	0.00	100,000	0.00	100,000	0.00	0	
	Sub-total UH Systemwide Programs	2.00	1,343,000	2.00	1,343,000	0.00	0	
	<b>TOTAL UH</b>	<b>119.00</b>	<b>42,142,318</b>	<b>113.00</b>	<b>40,211,887</b>	<b>6.00</b>	<b>1,930,431</b>	

Prepared by UH Budget Office

PRIORITY LIST -- 2007 SUPPLEMENTAL BUDGET							
GENERAL FUNDS REQUESTS							
NONCOST ITEMS							
1. FUNDS TRANSFERS		UOH 100	UOH 210	UOH 700	UOH 800	UOH 900	
		UH MANOA	UH HILO	UHWO	UH CC	UH SYSTEM	
College of Hawaiian Language			250,000			-250,000	
Funds for Accreditation				325,000		-325,000	
Secretary VP CC					52,428	-52,428	
2. POSITION RESTORATIONS							
Restore Positions Abolished in		18.0					
Nine Schools and Colleges							
Restore Abolished Systemwide Program Positions						14.0	
3. POSITION CONVERSIONS							
IT Position Conversion						38.0	
COST ITEMS							
1. TIER 1 -- TOP PRIORITY		UOH 100	UOH 210	UOH 700	UOH 800	UOH 900	ALL
Campus		UH MANOA	UH HILO	UHWO	UH CC	UH SYSTEM	UH UNITS
Priority							
UHM 1	Electricity Increases	4,338,344					
UHM 2	Sewer Fee Increases	224,673					
UHM 3	Service Maintenance Contracts	845,000					
UHM 4	Financial Aid Administrators	280,000					
UHH 1	College of Pharmacy		1,414,671				
UHWO 1	Elementary Education Positions			350,000			
UHWO 2	Financial Aid Office Positions			96,358			
UHWO 3	Hawaiian Pacific Studies Position			65,000			
UHWO 4	Administrative Fiscal Support Spec.			35,000			
UHWO 5	Librarian Position (0.5)			16,000			
UHWO 6	Clerk Typ. II Posn. Student Services			30,000			
UHWO 7	Student Services Specialist Position			42,000			
UHCC 1	Utilities Shortfall				2,399,677		
UHCC 2	Program Review/Program Improve				1,683,243		
UHS n/a	Office of Internal Audit Positions					225,000	
Subtotals Tier 1		5,688,017	1,414,671	634,358	4,082,920	225,000	12,044,966





3. TIER 3 -- URGENT PRIORITY		UOH 100	UOH 210	UOH 700	UOH 800	UOH 900	ALL
		UH MANOA	UH HILO	UHWO	UH CC	UH SYSTEM	UH UNITS
UHM 16	Electrical Engineering Faculty	175,000					
UHM 17	Academy for Creative Media Faculty	240,000					
UHM 18	Extend Library Building Hours	101,408					
UHM 19	CTAHR Faculty -- NREM Enrol Dmd	175,000					
UHM 20	CTAHR Faculty -- FCS	250,000					
UHM 21	CTAHR Faculty -- Turf Management	250,000					
UHM 22	IT Infrastructure -- Student Affairs	121,732					
UHM 23	Access to Grad. Educ. In Nursing	210,710					
UHM 24	Access to Undergrad. Nursing	360,149					
UHM 25	Access to Dental Hygiene Program	172,512					
UHM 26	Hawaiian Initiatives	1,200,000					
UHM 27	Staff Support for School of Nursing	183,389					
UHM 28	Meet Enrollment Demands KOKUA	122,500					
UHM 29	Establish MA in Hawaiian Studies	173,812					
UHM 30	Director of Research	110,000					
UHH 8	Native Hawaiian Initiatives		1,022,108				
UHH 9	General Infrastructure/ R&M		756,154				
UHH 10	Expand Services -- N.Hawn. Students		143,000				
UHH 11	Entrepreneurship Train/Tech.Mgmt.		327,000				
UHH 12	Implement WASC Rec. for EEO/AA		32,000				
UHH 13	Strengthen College of Forestry for USDA		165,000				
UHH 14	Office of Research and Graduate Studies		250,796				
UHH 15	Implement M.S. Conserv. Biology		411,964				
UHH 16	Masters in Counseling Psychology		176,444				
UHH 17	Enhance Graduates' Employability		132,767				
UHCC 5	Equipment Replacement -- all campuses				597,816		
	100,000 / 159,000 / 81,097 / 31,313 / 226,406						
UHCC 5	Support for Students w/ Disabilities				50,892		
UHCC 5	UH/DOE Collaboration				71,381		
UHCC 5	Critical Campus Infrastructure				176,939		
UHCC 5	Increase Technological Support				102,676		
UHCC 5	Faculty and Staff Professional Devel.				50,000		
UHCC 5	Aeronautic Maintenance Lease Agree.				324,000		
UHCC 5	Improve Student Recruitment and Retention				121,944		
UHCC 5	Distance, Blended Learning Infrastruc				231,404		
		UOH 100	UOH 210	UOH 700	UOH 800	UOH 900	ALL
		UH MANOA	UH HILO	UHWO	UH CC	UH SYSTEM	UH UNITS
UHCC 5	Improve Acad/Student Support				41,762		
UHCC 5	Recruit/Serve International Students				39,753		
UHCC 5	Teaching Load Reduction				103,965		
UHCC 5	R&M Funds/Furniture Replacement				400,000		
UHCC 5	Improve Student Support Services				229,363		
UHCC 5	Support Campus Business & Training Processes				57,325		
UHCC 5	Support for Business Office				64,770		
UHCC 5	Professional Development				50,000		
UHCC 5	Strengthen Developmental Education				93,166		
UHCC 5	Distance Learning Infrastructure				93,881		
UHCC 5	Financial Aid Personnel				100,000		
UHCC 5	English Language Institute				36,550		
UHCC 5	Marketing				62,635		
UHCC 5	Digital Media Support				70,000		
UHCC 5	Tech. Support for College Programs				167,580		
UHCC 5	Creation of an Enrollment Mgmt System				87,768		
UHCC 5	Replacement Motor Vehicles				90,000		
UHCC 5	New Facility Support				217,876		
UHCC 5	Improve Tech Infrastr. And Staffing				130,106		
	Subtotals all campuses	3,846,212	3,417,233	0	3,863,552		11,126,997
UHS n/a	Conversion of Student Waivers to Scholarships					6,660,000	
	Subtotals Tier 3	3,846,212	3,417,233	0	3,863,552	6,660,000	17,786,997



