




UNIVERSITY of HAWAII*


Ke Kulanui o Hawai'i

Wendy F. Hensel
President

April 10, 2025

TO: All Campus Chancellors / Provost

FROM: Wendy Hensel 
President, University of Hawai'i System

Kalbert Young 
Vice President for Budget and Finance / Chief Financial Officer
University of Hawai'i System

RE: General Financial Planning to Support Operations Adjustments,
Federal Extramural Funding, and Financial Mitigation Measures

Over the past several months, the University of Hawai'i System (University) has received notice from US federal agencies and administration that have raised concerns about the University's ongoing financial stability. The University continues to assess the potential programmatic and financial impact of these changes, which have reduced funding for research and various programs (academic- and/or services-related), creating a high-risk situation.

We have reached a point where it is necessary for each campus to adopt additional measures and financial strategies to maintain stability and ensure campus finances remain strong. This memorandum identifies several new policies to be implemented, effective immediately.

A. Financial Contingency Plans

Campuses are directed to review their financial contingency plans to ensure that service levels are maintained and each campus remains financially stable. Each campus should adopt comprehensive strategies that identify all available funding sources and delineate potential financial mitigation strategies, particularly with respect to personnel expenses.

As outlined in the attached communication from Vice President Vassilis Syrmos dated March 5, 2025, when campuses or research programs are notified of funding reductions, it is expected that campus funds will be allocated to “soft land” personnel as required by their collective-bargaining contracts and/or university policies. This may obligate campuses to temporarily cover research payroll without the prospect of reimbursement.

The University Budget Office (UBO) will reach out to each campus finance and business officer to review their campus's financial contingency plans and reserve levels. While the allocation of campus finances will remain under the discretion of the campus Chancellor/Provost, the University System must ensure that mission-critical services across all campuses continue, particularly those that are student-facing. To this end, in line with Regents Policies (RP 8.203) and Executive Policies (EP 8.210), which establish minimum reserve balances, UBO will assess a portion of each campus's reserves to the System to execute a unified financial strategy. The importance of acting as a unified system to ensure collective equity for all campuses has been voiced by members of the President's Advisory Council. This assessment will be used to effectuate those shared, system-wide priorities.

B. Hiring Restrictions

Personnel expenses comprise the bulk of the University's budget, and new hires must be carefully scrutinized for necessity in this environment. Although hires of strategic significance and need may continue, all new hire requests for positions funded by extramural funding, campus Tuition and Fee Special Fund (TFSF), and Research and Training Revolving Fund (RTRF) will require approval from the campus Chancellor/Provost or the respective Vice President. Hiring for permanent positions that are appropriated in the budget and funded by general funds may continue under the normal process.

C. Travel Expenditures Guidance

Travel expenditures must be carefully evaluated and limited until further notice. The decision of whether travel is essential shall be made by the campus Chancellor/Provost or Vice President taking the following into consideration:

- * urgency;
- * necessity, including for promotion and tenure considerations;
- * traveler's role (annual conference attendee vs. active presenter, etc.);
- * funding source and likelihood of reimbursement if grant-based.

This approach will help prioritize essential travel while managing resources effectively.

D. Consulting or Professional Services Contracts (all funding sources)

Contracts for consulting or professional services should be critically assessed for necessity. Renewals or extensions above \$100,000/year require campus Chancellor/Provost or Vice President approval. Those above \$250,000/year require the President's approval.

As the University traverses this fluid situation, we will continue to respond in a measured, thoughtful way that implements the least restrictive measures possible as dictated by the situation. Additional restrictions may be needed in the future as clarity in the federal landscape emerges.

Your understanding and support during this time are greatly appreciated. If you have any questions, please feel free to reach out to me or Vice President Young.

Attachment

Fwd: Resending: Stop Work Order Guidelines1 message

----- Forwarded message -----

From: Vice President for Research and Innovation <announce@hawaii.edu>
Date: Wed, Mar 5, 2025 at 10:55AM
Subject: Resending: Stop Work Order Guidelines
To: <announce@hawaii.edu>

**Resending with guidelines*

Dear UH Research Community,

The purpose of these guidelines is to provide further information in the event that an award is either terminated or a Stop Work Order has been issued.

Since taking office in January 2025, the new White House administration has issued a number of unprecedented Executive Orders (EOs) aimed at eliminating initiatives and programs promoting DEIA, affirmative action, gender ideology, and environmental justice at the federal level. The National Institutes of Health (NIH) has also been directed to reduce indirect cost recovery rates negotiated by universities to a maximum cap of 15 percent, a move that could reduce federal research funding by billions of dollars and severely impact universities across the country.

And most recently, on February 26, 2025, the White House issued [EO 14222](#), entitled "Implementing the President's 'Department of Government Efficiency' Cost Efficiency Initiative." This EO is probably the most impactful to the University, as it requires:

- Federal agencies to review within 30 days all "covered contracts and grants" (defined as discretionary spending through Federal contracts, grants, loans, and related instruments);
- Federal agencies to terminate or modify such contracts and grants to reduce overall Federal spending, promote efficiency, and advance the policies of this Administration
- Each payment will require "brief, written justification" by agencies, and the process is to "commence immediately and prioritize the review of funds disbursed under covered contracts and grants to educational institutions and foreign entities for waste, fraud, and abuse."

The potential impact of termination of more grants and manual review of all requests for payment on all of our contracts and grants is extremely significant.

As President Hensel stressed in her [February 28, 2025 message](#), the UH administration is working diligently and closely with our constituents, including the Governor's Office, the Hawai'i Congressional Delegation, and other organizations to proactively assess and navigate this highly fluid and uncharted landscape in higher education. As the situation develops, we will try our best to keep everyone updated and informed.

While there have been a relatively small number of Terminations and Stop Work Orders issued on UH projects so far, it is expected that the numbers will eventually grow, resulting in a substantial reduction or loss of federal funds. Large-scale cuts of federal funding could have major impacts on UH programs, with the University being unable to subsume or supplant a significant loss of federal funding. With payroll for research personnel being the largest budget line item for most extramurally-funded projects, below are suggested guidelines to follow in the event a Termination or Stop Work Order is received.

During this time, we strongly recommend preservation of cash reserves in our Research and Training Revolving Fund (RTRF) accounts. The untenable scenario that we are trying to avoid is campuses and units not having the reserve funds to carry employees through their notice periods and/or to pay subawardees and vendors who have already provided services.

Please visit our webpage (research.hawaii.edu/new-administration-federal-funding-updates/) for ongoing research-specific updates and guidance.

We recognize the uncertainty that many face is incredibly challenging and stressful and we do not take that lightly. Thank you for your understanding, patience, and resolve during this time.

Sincerely,
Vassilis L. Syrmos
Vice President for Research and Innovation

Termination and Stop Work Order – Process & Guidelines

UH Campuses

- Upon receipt of a Termination or Stop Work Order, the Office of Research Services (ORS) notifies the Principal Investigator (PI) and Fiscal Administrator (FA). In cases where the Stop Work Order is issued directly to the PI, the PI shall immediately notify ORS.
- Potentially, a stop work order may have been issued but NOT received by the PI or ORS. If the PI believes their project may be affected or there is reason for concern, he/she shall notify his/her [ORS Contracts & Grants Specialist](#) to inquire further with the sponsor.
- The PI assesses project implications, especially for progress-to-completion, payroll implications, including affected graduate students, and compliance and safety requirements.
- The PI informs the department chair and the dean/director.
- The college makes a first assessment and decides whether RTRF reserves can be utilized to provide the necessary time notifications to unionized employees per the collective bargaining agreement; please consult with the [UH Office of Human Resources \(OHR\)](#) or the RCUH [Office of Human Resources](#) regarding required notifications. RCUH employees need to be notified per [RCUH policy 3.285 RCUH Termination of Employment](#). If the college has no RTRF reserves, a request should be made to the campus (provost, chancellors) for consideration in using available campus RTRF reserves.
- Graduate students can apply to the UH emergency relief fund for temporary salary relief. There is a limited amount of funds established for this purpose, so separate instructions on this process will be forthcoming.
- During this period, the PI and dean should determine if affected employees can be appropriately reassigned to a new project if FTE can be reduced (in case of multiple accounts only use the ones where there is no stop work order), or if the employee will need to be terminated.
- If personnel termination becomes necessary, the PI and/or employee supervisor should contact the OHR at UH or the Office of Human Resources at RCUH for further consultation, other employment opportunities within the UH System, and information on benefits.

- ORS shall immediately notify all subaward recipients of the termination or stop work order, and appropriate steps may be needed to terminate or stop the subaward.
- All fiscal transactions must cease and/or be cancelled in compliance with the terms of the stop work order.

Compliance Assessment

- Inventory all compliance protocols (such as human research, vertebrate animal research, biosafety, etc.) that may be impacted by a stop work order or termination notice.
- Work with the relevant review board on protocol-specific requirements for project close-out, as these will vary depending on the nature of the work and regulated activities. Any proposed changes to a protocol, including early close-out, must receive prior approval by the appropriate board (i.e. IRB, IACUC, IBC) before they are implemented.
- If a protocol is ending early due to funding changes, provide a final report to the relevant board with the revised end date. Include a description of how the work was terminated in a safe and compliant manner.
- Document all costs of termination, as recovery may be available depending on the contract or grant.

UH System

In the case of UH System contracts and grants, the Stop Work Order process is the same. PIs should contact the appropriate vice president, while vice presidents should contact the Vice President for Research and Innovation, if further assistance is required.

ORS Advance Account Requests

Requests to ORS for advance accounts for federal funding should be carefully considered and limited given the current uncertainties.

Effective immediately, departments shall ensure requests for advance accounts of federal funds include only the essential and minimal amount needed for the immediate future. These amounts will be limited as follows:

- Duration: Up to three (3) months of operating expenses per request. Projects determined to be high-risk may be limited to one (1) month advance periods; and
- Budget: Up to a three (3)-month proration or 25% of the total anticipated award amount (whichever is less). Detailed budgets and budget narratives will be required.

High-risk awards may require additional approvals at the chancellor level.

Other Fiscal Considerations

Continue to exercise fiscal constraint on federally-funded projects, especially those that may be at high risk of being terminated. Difficult decisions may need to be seriously considered, such as delaying/pausing the hiring of new employees, travel, making large expenditures, and the issuance of new/continuation subawards and vendor subcontracts.

Ensure that all project costs are being charged directly to project accounts to reduce the need for after-the-fact transfers. Projects may not be able to move expenses after a stop order is received. The PI and FA should coordinate with ORS accounting to ensure all project costs charged up to the date of the Stop Work Order are included in the final invoice.

Reference

These guidelines and other resources and updates are available on OVPRI's New Administration Federal Funding Updates webpage at research.hawaii.edu/new-administration-federal-funding-updates/.

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