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# University of Hawai'i Operating Budget for Fiscal Year 2019-2020

September 5, 2019

B&F Committee



# Overview

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1. Revenues are projected to decrease by 0.3% compared to FY19 actuals:
  - General Fund increasing by \$5.9 million (1.2%)
  - TFSF decreasing by \$5.4 million (1.6%)
  - RTRF increasing by \$340,000 (0.7%)
  - Other Special Funds decreasing by \$2.6 million (2.0%)
  - Other Revolving Funds decreasing by \$2.1 million (6.0%)
2. Expenditures are increasing by 6.3% compared to FY19 actual expenditures, mostly attributable to collective bargaining increases and planned replacement or repair.
3. Overall Net Operating Loss of \$41.0 million is mostly attributable to planned one-time expenses. However, fund balances are adequate and still above reserve targets.



# Operating Budget Request for Approval

Revenues	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 252,615,982	\$ 37,977,733	\$ 18,291,413	\$ 149,964,185	\$ 54,072,839	\$ 512,922,152
TFSF	\$ 220,228,416	\$ 32,153,039	\$ 18,291,214	\$ 59,894,074	\$ 3,053,249	\$ 333,619,992
RTRF	\$ 31,593,816	\$ 2,559,140	\$ 254,520	\$ 1,998,835	\$ 15,684,956	\$ 52,091,267
Other Special Funds	\$ 96,322,767	\$ 8,903,807	\$ 286,700	\$ 16,832,493	\$ 4,780,385	\$ 127,126,152
Other Revolving Funds	\$ 28,014,441	\$ 2,009,896	\$ 879,500	\$ 1,742,347	\$ 1,091,165	\$ 33,737,349
Appropriated Federal	\$ 5,242,760	\$ 291,557	\$ 100,000	\$ 2,749,635	\$ 710,000	\$ 9,093,952
<b>Total</b>	<b>\$ 634,018,182</b>	<b>\$ 83,895,172</b>	<b>\$ 38,103,347</b>	<b>\$ 233,181,569</b>	<b>\$ 79,392,594</b>	<b>\$ 1,068,590,864</b>

Expenditures + Xfers	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 252,615,982	\$ 37,977,733	\$ 18,291,413	\$ 149,964,185	\$ 54,072,839	\$ 512,922,152
TFSF	\$ 222,104,636	\$ 34,698,537	\$ 21,798,820	\$ 65,604,283	\$ 2,316,853	\$ 346,523,129
RTRF	\$ 27,798,698	\$ 2,785,648	\$ 438,447	\$ 1,998,835	\$ 16,790,553	\$ 49,812,181
Other Special Funds	\$ 120,287,952	\$ 8,784,998	\$ 130,150	\$ 16,832,493	\$ 6,656,043	\$ 152,691,636
Other Revolving Funds	\$ 32,205,092	\$ 2,645,671	\$ 1,236,900	\$ 1,742,347	\$ 1,185,432	\$ 39,015,442
Appropriated Federal	\$ 4,773,293	\$ 291,557	\$ 100,000	\$ 2,749,635	\$ 710,000	\$ 8,624,485
<b>Total</b>	<b>\$ 659,785,653</b>	<b>\$ 87,184,144</b>	<b>\$ 41,995,730</b>	<b>\$ 238,891,778</b>	<b>\$ 81,731,720</b>	<b>\$ 1,109,589,025</b>



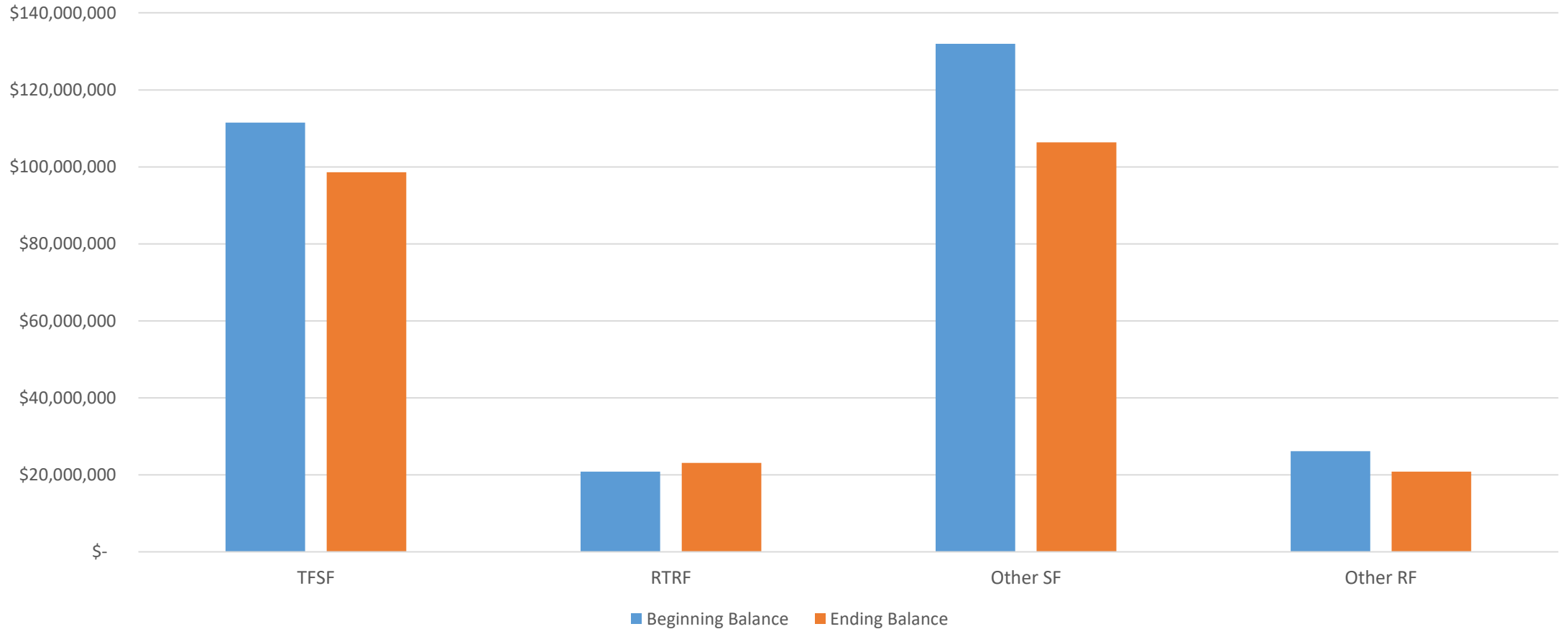
# Fund Balances and Net Operating Income

	GF	TFSF	RTRF	Other SF	Other RF	Fed Funds	Total
Beginning Balance	\$ -	\$ 111,478,565	\$ 20,819,361	\$ 131,954,902	\$ 26,126,433	\$ -	\$ 290,379,261
Rev less Exp	\$ -	\$ (12,903,137)	\$ 2,279,086	\$ (25,565,484)	\$ (5,278,093)	\$ 469,467	\$ (40,998,161)
Ending Balance	\$ -	\$ 98,575,428	\$ 23,098,447	\$ 106,389,418	\$ 20,848,340	\$ 469,467	\$ 249,381,100
16% Target	n/a	\$ 136,850,545	\$ 7,969,949	\$ 24,430,662	\$ 6,242,471	n/a	\$ 175,493,627

1. Total Net Operating Income (Revenues less Expenditures) shows a loss of \$41.0 million across all funds.
2. TFSF loss attributable to enrollment decline across all campuses. Campuses have sufficient reserves to address this loss in the short term. Longer term, campuses must actively manage resources and make difficult choices to support areas of growth.
3. Other Special Fund loss attributable primarily to one-time expenditures at Mānoa. However, fund balances (\$106.4 million) exceed the 16% target (\$24.4 million)
4. Other Revolving Fund loss attributable due to conservative revenue projections and planned expenditures for renovation and repairs. Again, fund balances (\$20.9 million) exceed the 16% target (\$6.2 million)



# Beginning and Ending Balances



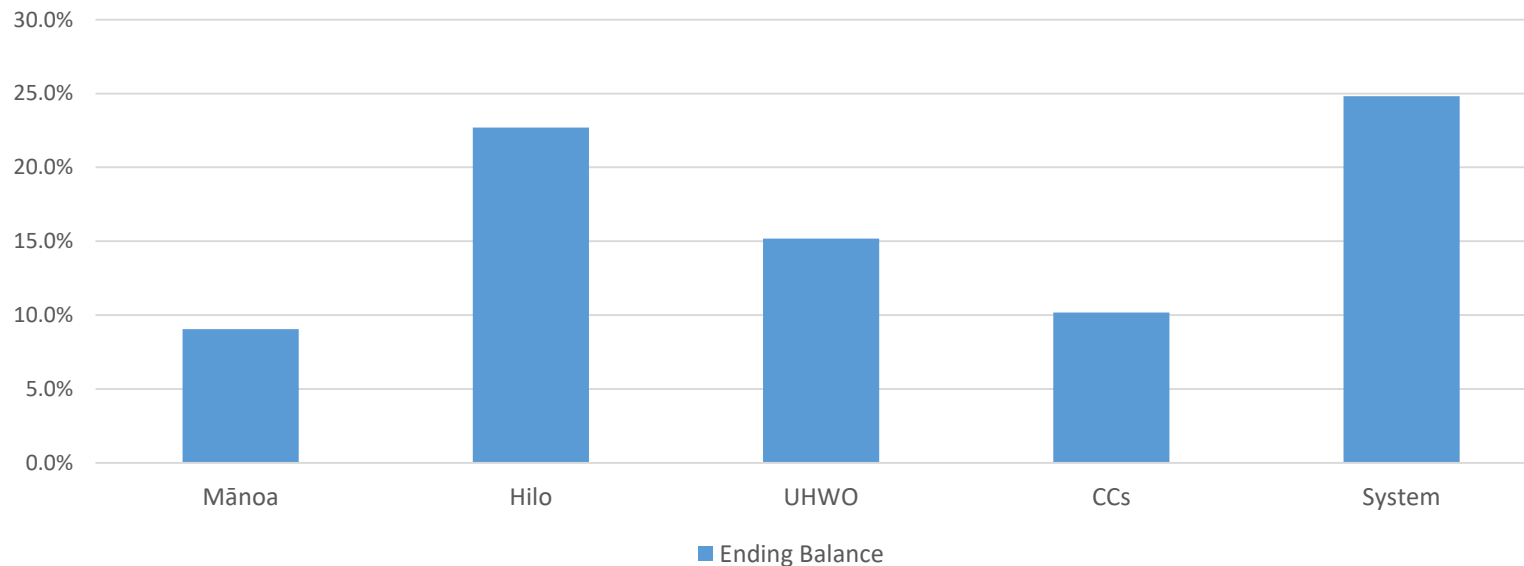


# TFSF Loss and Fund Balances

Campus	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
TFSF Gain (Loss)	\$ (1,876,220)	\$ (2,545,498)	\$ (3,507,606)	\$ (5,710,209)	\$ 736,396	\$ (12,903,137)

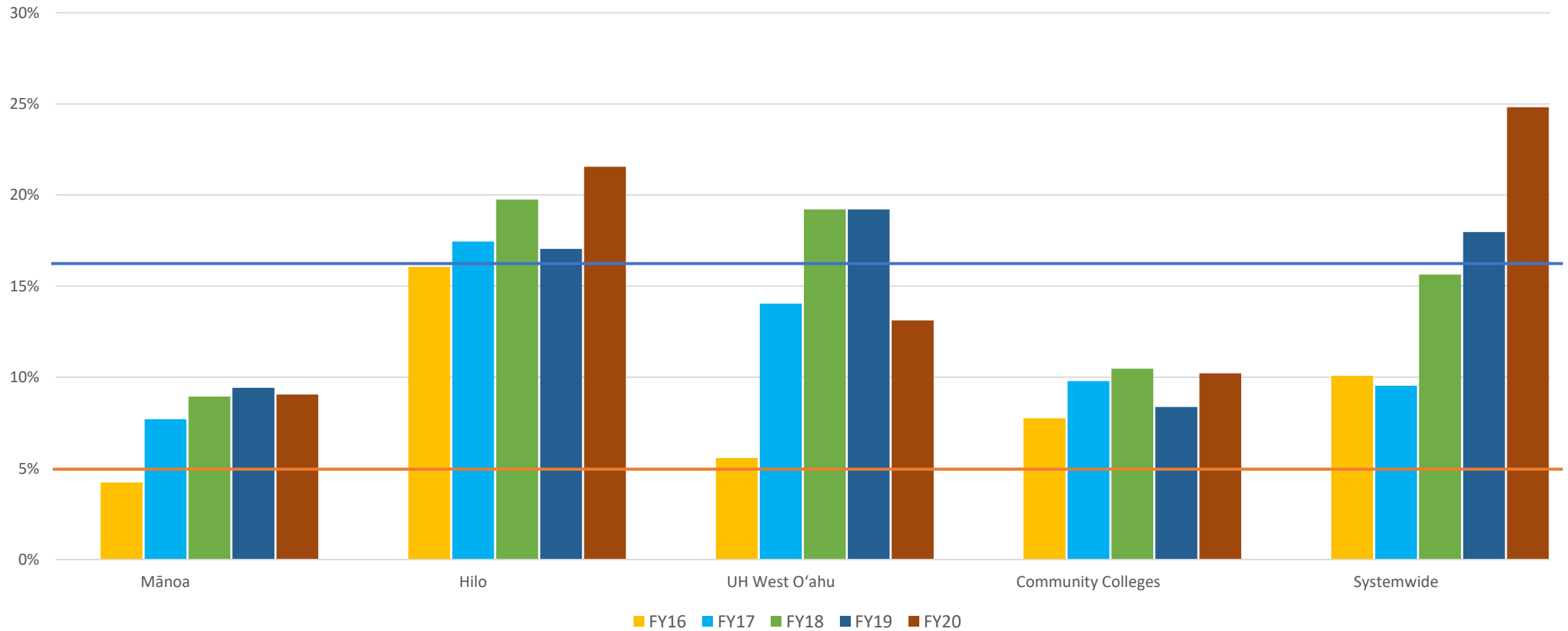
Despite the projected loss in TFSF across the various campuses, projected ending balances for FY20 still remain relatively healthy. Campuses are aware of the trend, are prepared to more actively manage, and Administration will continue to monitor.

Projected Ending FY20 TFSF Reserve Levels





# TFSF Reserve Levels (FY16-FY20) by campus





# Fund Balances and Reserve Requirements

Although fund balances are strong, it is important to note that reserve requirements limit the liquidity of these funds.

All Fund Types					
Campus	Mānoa	Hilo	UHWO	Community Colleges	Systemwide
FY20 Ending Balance (All Funds)	\$ 142,195,459	\$ 24,136,433	\$ 9,607,942	\$ 42,681,116	\$ 30,760,151
Reserve	\$ 103,873,686	\$ 9,400,000	\$ 1,627,350	\$ 3,230,000	\$ -
Revised Ending Balance	\$ 38,321,773	\$ 14,736,433	\$ 7,980,592	\$ 39,451,116	\$ 30,760,151
5% Target	\$ 32,780,184	\$ 4,330,256	\$ 2,099,032	\$ 11,879,818	\$ 3,752,468
Amount above Minimum after Reserve Reqs.	\$ 5,541,589	\$ 10,406,177	\$ 5,881,560	\$ 27,571,298	\$ 27,007,683

TFSF					
Campus	Mānoa	Hilo	UHWO	Community Colleges	Systemwide
FY20 Ending Balance (TFSF)	\$ 43,011,872	\$ 15,600,100	\$ 5,267,903	\$ 22,184,143	\$ 12,511,410
Reserve	\$ 28,235,659	\$ 2,000,000	\$ -	\$ 2,490,000	\$ -
Revised Ending Balance	\$ 14,776,213	\$ 13,600,100	\$ 5,267,903	\$ 19,694,143	\$ 12,511,410
5% Target	\$ 23,765,597	\$ 3,619,441	\$ 2,008,757	\$ 10,851,134	\$ 2,520,867
Amount above Minimum after Reserve Reqs.	\$ (8,989,384)	\$ 9,980,659	\$ 3,259,146	\$ 8,843,009	\$ 9,990,543





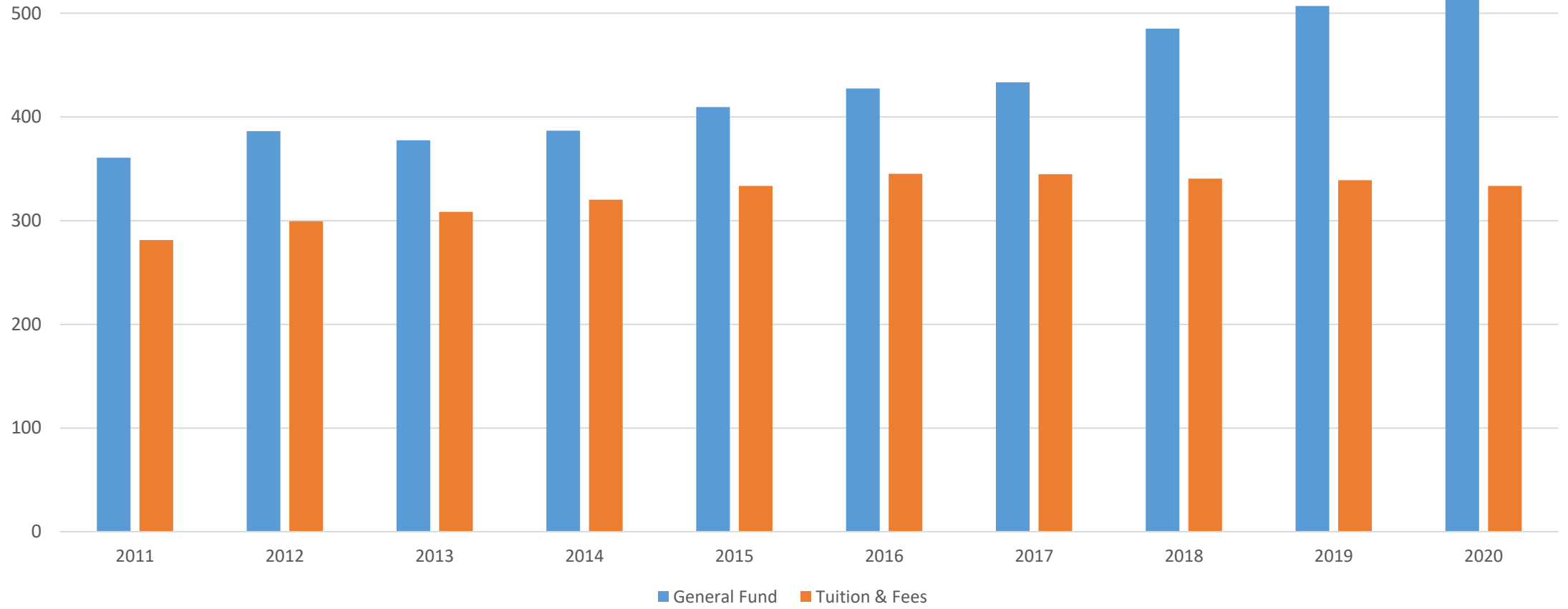
# FY20 Budget vs. FY19 Actual Comparison

Type of Fund	Revenues			Expenditures & Net Transfers			Rev less Exp/Trf	
	FY20 Proj.	FY19 Act.	Diff	FY20 Proj.	FY19 Act.	Diff	FY20 Proj.	FY19 Act.
General Funds	\$512.92	\$507.06	\$5.86	\$512.92	\$506.15	\$6.77	\$0.00	\$0.91
Tuition & Fees	\$333.62	\$338.97	(\$5.35)	\$346.52	\$320.69	\$25.84	(\$12.90)	\$18.28
RTRF	\$52.09	\$51.75	\$0.34	\$49.81	\$52.27	(\$2.45)	\$2.28	(\$0.51)
Other Special Funds	\$127.13	\$129.77	(\$2.65)	\$152.69	\$114.11	\$38.58	(\$25.57)	\$15.66
Other Revolving Funds	\$33.74	\$35.90	(\$2.16)	\$39.02	\$36.93	\$2.08	(\$5.28)	(\$1.03)
Appropriated Federal Funds	\$9.09	\$8.22	\$0.87	\$8.62	\$8.22	\$0.40	\$0.47	\$0.00
<b>Total</b>	<b>\$1,068.59</b>	<b>\$1,071.68</b>	<b>(\$3.09)</b>	<b>\$1,109.59</b>	<b>\$1,038.37</b>	<b>\$71.22</b>	<b>(\$41.00)</b>	<b>\$33.31</b>

1. Projected FY20 Revenues are slightly lower than FY19 actuals.
2. FY20 Expenditures for most funds are higher than FY19 actuals, primarily due to collective bargaining and one-time expenditures.



# General Fund and TFSF Revenues for FY11-FY20 (in \$millions)





# Mānoa

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 252,615,982	\$ 220,228,416	\$ 31,593,816	\$ 96,322,767	\$ 28,014,441	\$ 5,242,760	\$ 634,018,182
Expenditures	\$ 253,207,306	\$ 173,361,289	\$ 28,157,343	\$ 158,904,785	\$ 31,841,092	\$ 4,773,293	\$ 650,245,108
Net Transfers	\$ (591,324)	\$ 48,743,347	\$ (358,645)	\$ (38,616,833)	\$ 364,000	\$ -	\$ 9,540,545
Rev less Exp/Trf	\$ -	\$ (1,876,220)	\$ 3,795,118	\$ (23,965,185)	\$ (4,190,651)	\$ 469,467	\$ (25,767,471)

1. Projecting a \$1.8 million decrease in TFSF revenue as a result of enrollment and using conservative estimates.
2. Expenditures are higher than prior FY, mostly attributable to increases from Other Special Funds for three units that have one-time repair and replacement expenses:
  - Campus Services (\$2.8 million) – Faculty Housing and Parking
  - Student Housing (\$12.0 million) – Hale Noelani (\$8.7 million) and AC/gas line replacements (Frear), fire system and roof repairs (Hale Wainani), and emergency stair replacement (Johnson)
  - Student Life and Development (\$7.8 million) – Campus Center and Hemenway Hall



# Hilo

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 37,977,733	\$ 32,153,039	\$ 2,559,140	\$ 8,903,807	\$ 2,009,896	\$ 291,557	\$ 83,895,172
Expenditures	\$ 37,690,274	\$ 26,914,521	\$ 3,242,025	\$ 14,001,502	\$ 2,645,671	\$ 291,557	\$ 84,785,550
Net Transfers	\$ 287,459	\$ 7,784,016	\$ (456,377)	\$ (5,216,504)	\$ -	\$ -	\$ 2,398,594
Rev less Exp/Trf	\$ -	\$ (2,545,498)	\$ (226,508)	\$ 118,809	\$ (635,775)	\$ -	\$ (3,288,972)

1. Across all funds, revenues projected to decrease by 1.6% compared to actual FY19 collections. Despite a 1.0% rate increase, TFSF revenue is projected to decline \$2.2 million because of enrollment.
2. Hilo is proposing to spend \$2.5 million from TFSF more than projected revenues in FY19 to cover planned commitments and one-time expenses.
  - This still leaves a balance of \$13.6 million, which is 18.8% of their annual expenditures and is on top of the 5% reserve held at System.



# West O‘ahu

West O‘ahu	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 18,291,413	\$ 18,291,214	\$ 254,520	\$ 286,700	\$ 879,500	\$ 100,000	\$ 38,103,347
Expenditures	\$ 18,376,315	\$ 14,881,470	\$ 438,447	\$ 2,787,500	\$ 1,236,900	\$ 100,000	\$ 37,820,632
Net Transfers	\$ (84,902)	\$ 6,917,350	\$ -	\$ (2,657,350)	\$ -	\$ -	\$ 4,175,098
Rev less Exp/Trf	\$ -	\$ (3,507,606)	\$ (183,927)	\$ 156,550	\$ (357,400)	\$ -	\$ (3,892,383)

1. TFSF revenue projected to increase by 2.2% as a result of 1.2% enrollment increase and 1% tuition rate increase
2. Utilities expenditures projected to increase \$4.7 million over FY19 actuals primarily attributable to a one-time payment for retroactive sewage costs (~\$3.75 million) and for the recently completed Administration and Allied Health Building.



# Community Colleges

Comm Colleges	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 149,964,185	\$ 59,894,074	\$ 1,998,835	\$ 16,832,493	\$ 1,742,347	\$ 2,749,635	\$ 233,181,569
Expenditures	\$ 151,418,395	\$ 55,260,539	\$ 1,958,835	\$ 16,018,312	\$ 1,737,547	\$ 2,749,635	\$ 229,143,263
Net Transfers	\$ (1,454,210)	\$ 10,343,744	\$ 40,000	\$ 814,181	\$ 4,800	\$ -	\$ 9,748,515
Rev less Exp/Trf	\$ -	\$ (5,710,209)	\$ -	\$ -	\$ -	\$ -	\$ (5,710,209)

1. Projected 2.7% decline in TFSF revenue in spite of 2% rate increase as a result of declining enrollment.
2. Increased expenditures from TFSF largely due to one-time repairs and maintenance costs that were originally programmed for FY19 but are now planned for FY20.
3. Despite \$5.7 million projected loss in TFSF, Community Colleges have a projected ending balance of \$22.2 million for FY20.



# Systemwide Support

Sys Support	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 54,072,839	\$ 3,053,249	\$ 15,684,956	\$ 4,780,385	\$ 1,091,165	\$ 710,000	\$ 79,392,594
Expenditures	\$ 48,100,487	\$ 11,314,540	\$ 16,600,315	\$ 11,626,718	\$ 1,211,876	\$ 710,000	\$ 89,563,936
Net Transfers	\$ 5,972,352	\$ (8,997,687)	\$ 190,238	\$ (4,970,675)	\$ (26,444)	\$ -	\$ (7,832,216)
Rev less Exp/Trf	\$ -	\$ 736,396	\$ (1,105,597)	\$ (1,875,658)	\$ (94,267)	\$ -	\$ (2,339,126)

1. Other Special Funds loss largely attributable to replacement outside air units at the Information Technology Center.
2. Increased RTRF expenditures will support investments in hardware and software for ITS servers and storage and new programs in the Office of Strategic Health Initiatives and Research Support Center.



# Next Steps

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1. Review and Acceptance as appropriate based on discussion today
2. Review and Acceptance by full Board of Regents – September 19
3. Quarterly Financial Reports
  - Q1 FY20 in November