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# University of Hawai'i Operating Budget for Fiscal Year 2023-2024

September 7, 2023

Committee on Institutional Success



# Overview

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- Regent Policy (RP) 8.204 requires Board of Regents approve annual operating expenditure plan (operating budget).
- General Fund Revenues are projected to increase by \$16.7 million (2.9%) from FY23 levels as a result of the restoration of prior General Fund reductions and collective bargaining.
- TFSF Revenues are forecasted to decrease by **-\$2.5 million (-0.7%)** as compared to FY23. RTRF Revenues are forecasted to decrease by **-\$3.6 million (-5.0%)** as compared to FY23.
- Net operating activity across all funds is projected at a **-\$57.1 million** shortfall. This is the intentional result of \$106.4 million in one-time non-recurring expenditures and investments during FY24. Without these one-time expenditures, there would be a Net Operating Gain of \$49.3 million.
- Fund balances remain strong. Administration anticipates that strategic non-recurring investments and initiatives will continue to require investments consistent with reserve policies.



# Assumptions

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- 10% General Fund restriction, pursuant to Executive Memorandum 25-03. (5% “hard” restriction and 5% contingency restriction).
- Enrollment and tuition estimates based on most recent data (pre-census).
- Decline in RTRF due to cessation of substantial federal pandemic relief funds.
- Increased utility costs.
- Abatement of pandemic-era policies (e.g., travel restrictions, cessation of hiring freeze, etc.).
- Requirement to fund already agreed-upon collective bargaining increases.



# 2023-2029 Strategic Plan

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- **Five Foundational Principles**

- Hawaiian Place of Learning
- Statewide Need
- Diversity and Equity
- Sustainability
- Stewardship of Resources

- **Four Strategic Imperatives**

- Fulfill kuleana to Native Hawaiians and Hawai'i.
- Develop successful students for a better future.
- Meet Hawai'i's workforce needs of today and tomorrow.
- Diversify Hawai'i's economy through UH innovation and research.



# 2023-2029 Strategic Plan

continued

- This spending plan aligns new UH expenditures in alignment with the new Strategic Imperatives.
- Alignment of human resources takes place primarily through attrition and ongoing processes of reprioritization.
- In addition to the Strategic Imperatives, UH incurs core foundational costs that are absolutely essential to enable programs to operate. These costs include, but are not limited to:
  - Utilities (electricity, sewer, water, and communications)
  - Facilities maintenance (janitorial, groundskeeping, security, etc.)
  - Ongoing repairs and improvements.
  - Debt service
  - Business offices
  - Information Technology



# Total FY24 Operating Budget Request

Revenues	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 295,481,355	\$ 47,230,056	\$ 20,683,705	\$ 173,895,641	\$ 61,920,181	\$ 599,210,938
TF SF	\$ 243,957,370	\$ 24,872,977	\$ 16,847,698	\$ 48,947,646	\$ 8,505,100	\$ 343,130,791
RTRF	\$ 41,000,000	\$ 2,920,301	\$ 1,178,570	\$ 5,095,511	\$ 19,055,583	\$ 69,249,965
Other Special Funds	\$ 107,339,586	\$ 10,844,595	\$ 203,550	\$ 38,439	\$ 5,080,214	\$ 123,506,384
Other Revolving Funds	\$ 19,068,912	\$ 1,569,643	\$ 800,302	\$ 18,285,850	\$ 896,479	\$ 40,621,186
Appropriated Federal	\$ 4,664,495	\$ 291,557	\$ 108,000	\$ 2,944,483	\$ 4,342,000	\$ 12,350,535
<b>Total</b>	<b>\$ 711,511,717</b>	<b>\$ 87,729,129</b>	<b>\$ 39,821,825</b>	<b>\$ 249,207,570</b>	<b>\$ 99,799,557</b>	<b>\$ 1,188,069,798</b>

Expenditures + Xfers	Mānoa	Hilo	West O'ahu	CCs	Sys Support	Total
General Fund	\$ 295,481,355	\$ 47,230,056	\$ 20,683,705	\$ 173,895,641	\$ 61,920,181	\$ 599,210,938
TF SF	\$ 323,943,125	\$ 32,258,427	\$ 17,191,539	\$ 47,905,077	\$ 5,579,894	\$ 426,878,062
RTRF	\$ 27,600,142	\$ 3,826,109	\$ 345,000	\$ 1,949,410	\$ 20,838,111	\$ 54,558,772
Other Special Funds	\$ 94,653,193	\$ 10,538,786	\$ 256,193	\$ 4,159	\$ 5,554,354	\$ 111,006,685
Other Revolving Funds	\$ 22,686,824	\$ 1,918,714	\$ 745,405	\$ 15,067,966	\$ 812,644	\$ 41,231,553
Appropriated Federal	\$ 4,664,495	\$ 291,557	\$ 108,000	\$ 2,944,483	\$ 4,342,000	\$ 12,350,535
<b>Total</b>	<b>\$ 769,029,134</b>	<b>\$ 96,063,649</b>	<b>\$ 39,329,842</b>	<b>\$ 241,766,736</b>	<b>\$ 99,047,184</b>	<b>\$ 1,245,236,545</b>



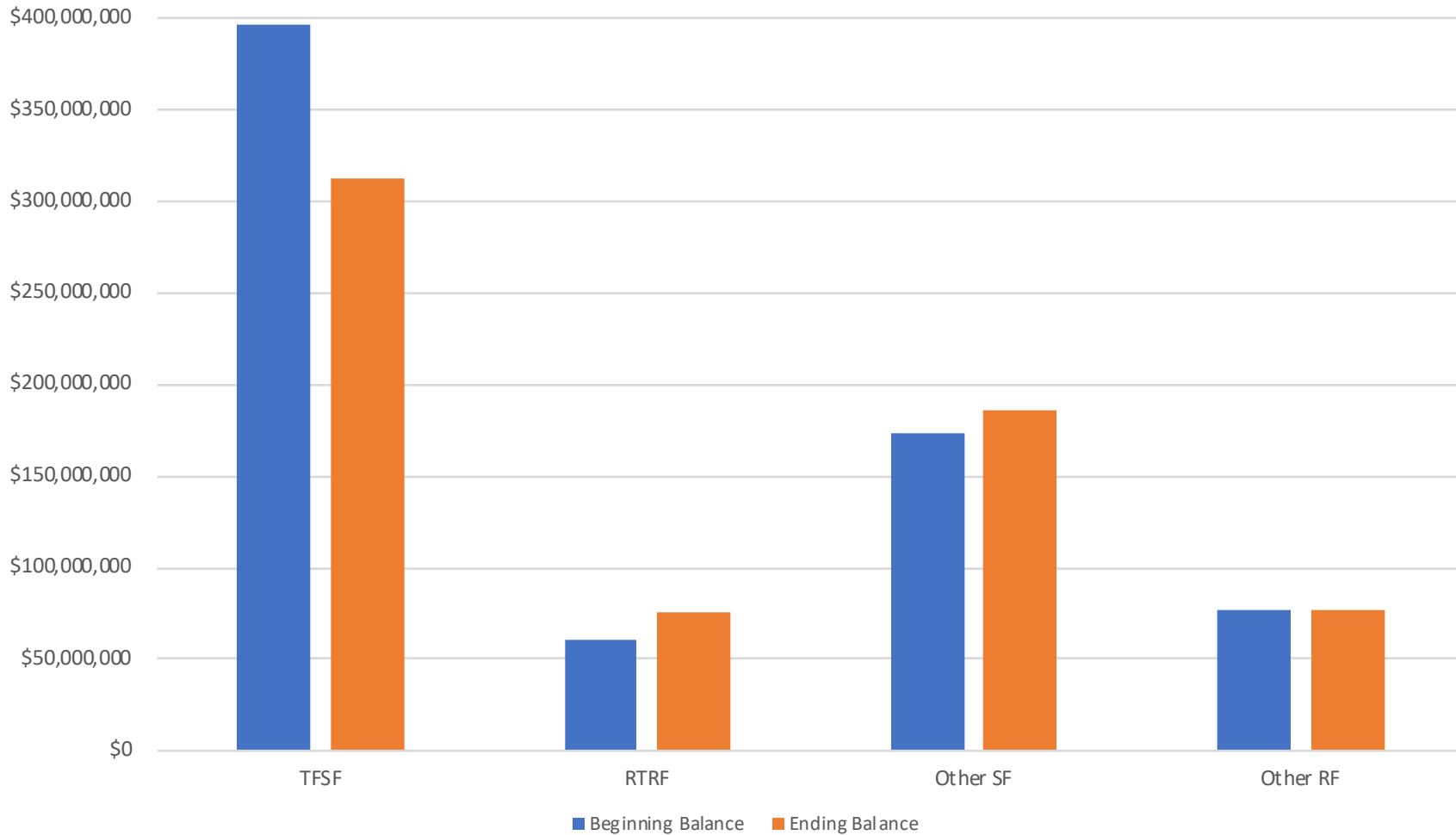
# Reserve Balances and Net Operating Income

	TFSF	RTRF	Other SF	Other RF	Fed Funds	Total
Beginning Balance	\$396,627,152	\$60,526,224	\$173,004,146	\$77,389,340	\$142,278	\$707,689,140
Rev less Exp (recur)	\$9,762,982	\$14,766,193	\$19,233,411	\$4,970,519	\$27,244	\$49,286,349
One-Time Exp	\$93,510,252	\$75,000	\$6,733,712	\$5,580,886	-	\$106,425,850
<b>Ending Balance</b>	<b>\$312,879,882</b>	<b>\$75,217,417</b>	<b>\$185,503,845</b>	<b>\$76,778,973</b>	<b>\$169,522</b>	<b>\$650,549,639</b>
16% Target (RP 8.203)	\$138,106,733	\$7,260,858	\$14,248,401	\$3,510,251	n/a	\$163,126,243

- Total Net Operating Income (Revenues less Expenditures) shows a gain of \$49.3 million. However, this is offset by one-time expenditures totaling \$106.4 million.
- The net result is a \$57.1 million decrease in fund balances.
- Fund balances remain above the 16% target set in Regent Policy (RP) 8.203. This RP is under-going revision pursuant to Internal Audit Review (February 2023).



# Fund Balances: Beginning and Forecasted Ending, FY24







# FY24 Budget vs. FY23 Actual

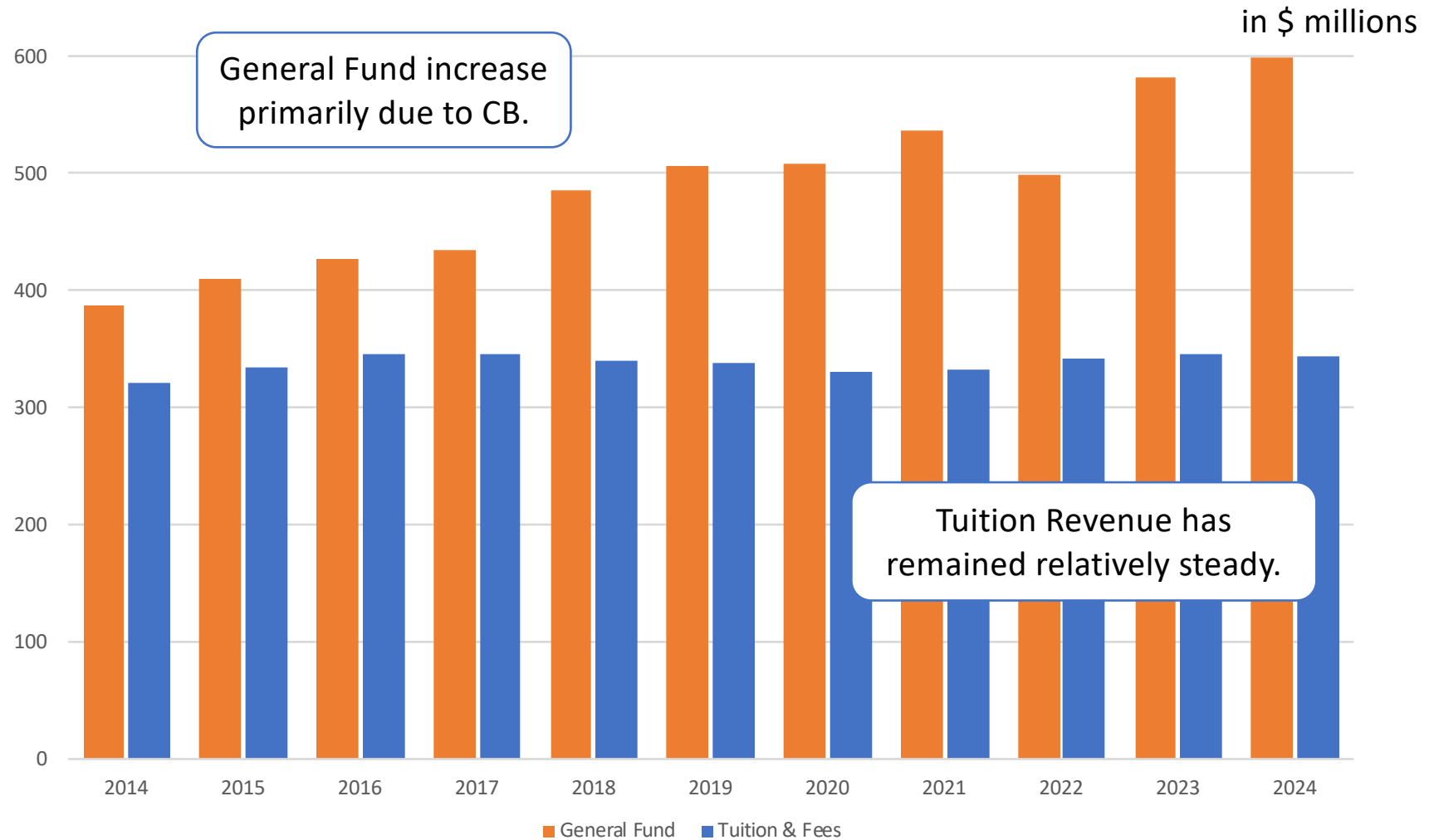
Type of Fund	Revenues			Expenditures & Net Transfers			Rev less Exp/Trf	
	FY24 Proj.	FY23 Act.	Diff	FY24 Proj.	FY23 Act.	Diff	FY24 Proj.	FY23 Act.
General Fund	599.2	582.5	16.7	599.2	576.2	23.0	-	6.3
Tuition & Fees	343.1	345.6	(2.5)	426.9	232.2	194.7	(83.7)	113.5
RTRF	69.2	72.9	(3.6)	54.6	39.9	14.7	14.7	33.0
Other Special Funds	123.5	106.3	17.2	111.0	86.2	24.8	12.5	20.1
Other Revolving Funds	40.6	42.2	(1.5)	41.2	28.0	13.2	(0.6)	14.1
Appropriated Fed Funds	12.4	10.4	1.9	12.3	13.1	(0.7)	-	(2.7)
<b>Total</b>	<b>1,188.1</b>	<b>1,159.9</b>	<b>28.2</b>	<b>1,245.2</b>	<b>975.6</b>	<b>269.6</b>	<b>(57.1)</b>	<b>184.3</b>

*in \$ millions*

- FY24 General Fund Revenues are projected higher than FY23 due primarily to collective bargaining.
- Overall spending is increased because of easing expenditure restrictions (e.g., lifting of the hiring freeze), return to on-campus activity, and one-time investments.
- FY24 is forecasted to reflect a **-\$57.1 million** shortfall across all funds, as compared to the \$184.3 million gain from FY23.



# General Fund and TFSF Revenues for FY14-FY24





# Mānoa

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 295,481,355	\$ 243,957,370	\$ 41,000,000	\$ 107,339,586	\$ 19,068,912	\$ 4,664,495	\$ 711,511,718
Expenditures	\$ 295,481,355	\$ 264,157,652	\$ 25,217,707	\$ 150,496,836	\$ 22,486,081	\$ 4,637,251	\$ 762,476,882
Net Transfers	\$ -	\$ 59,785,473	\$ 2,382,435	\$ (55,843,643)	\$ 200,743	\$ -	\$ 6,525,008
Rev less Exp/Trf	\$ -	\$ (5,136,995)	\$ 13,399,858	\$ 16,301,032	\$ 1,300,336	\$ 27,244	\$ 25,891,475
One-Time Exp	\$ -	\$ 74,848,760	\$ -	\$ 3,614,639	\$ 4,918,248	\$ -	\$ 83,381,647

- General Fund allocation is increased due to collective bargaining, although it is partially offset by Governor’s restriction (\$8.3 million).
- Auxiliary units have largely returned to pre-pandemic levels of activity.
- Non-permanent expenditures and investments include:
  - Start-up investments in Health Sciences Institute and Office of Global Engagement.
  - Pre-closing costs for NOAA building project.
  - Intentional scope increase resulting in cost increase for Snyder Hall replacement project.
  - Additional costs for new Student Success Center (Sinclair Hall).
  - Planned progress payments for Ching Field expansion.



# Hilo

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 47,230,056	\$ 24,872,977	\$ 2,920,301	\$ 10,844,595	\$ 1,569,643	\$ 291,557	\$ 87,729,129
Expenditures	\$ 46,814,091	\$ 24,372,961	\$ 4,377,295	\$ 18,093,862	\$ 2,377,490	\$ 291,557	\$ 96,327,256
Net Transfers	\$ 415,965	\$ 7,885,466	\$ (551,186)	\$ (7,555,076)	\$ (458,776)	\$ -	\$ (263,607)
Rev less Exp/Trf	\$ -	\$ -	\$ (905,808)	\$ 2,473,382	\$ 189,929	\$ -	\$ 1,757,503
One-Time Exp	\$ -	\$ 7,385,450	\$ -	\$ 2,167,573	\$ 539,000	\$ -	\$ 10,092,023

- Overall revenues are projected to decrease by **-\$0.7 million (-0.8%)** as compared to FY23. TFSF revenues are projected to decline by **-\$1.8 million (-6.9%)**.
- \$7.1 million to be invested on one-time and other non-permanent initiatives:
  - 'Āina- and community- based education will take students and employees to different communities across the island, building relationships and enrollment opportunities
  - Upgrade and repair replace classroom equipment, network technology and HVAC
  - Improve hands-on learning by purchasing a new boat for marine science and a tractor for the Agricultural Farm Lab
  - Temporary internship, transfer student, and retention coordinator positions to increase student engagement and retention



# West O'ahu

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 20,683,705	\$ 16,847,698	\$ 1,178,570	\$ 203,550	\$ 800,302	\$ 108,000	\$ 39,821,825
Expenditures	\$ 20,982,353	\$ 12,181,504	\$ 345,000	\$ 2,544,298	\$ 1,070,816	\$ 108,000	\$ 37,231,971
Net Transfers	\$ (298,648)	\$ 5,010,035	\$ -	\$ (2,288,105)	\$ (325,411)	\$ -	\$ 2,097,871
Rev less Exp/Trf	\$ -	\$ (343,841)	\$ 833,570	\$ (52,643)	\$ 54,897	\$ -	\$ 491,983
One-Time Exp	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

- Revenues show a slight decline of **-\$436,036 (-1.1%)**
- Expenditures are increasing by \$5.2 million (16.2%) primarily due to increased personnel costs (pay raises and increased fringe rates). Also, additional student support services/activities within the Office of Student Affairs.
- Workforce Development Initiatives:
  - Pre-nursing program in partnership with UH-Mānoa
  - Teacher preparation (early childhood through secondary)



# Community Colleges

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 173,895,641	\$ 48,947,646	\$ 5,095,511	\$ 38,439	\$ 18,285,850	\$ 2,944,483	\$ 249,207,570
Expenditures	\$ 175,750,914	\$ 42,788,782	\$ 1,920,767	\$ 4,388	\$ 14,329,964	\$ 2,944,483	\$ 237,739,298
Net Transfers	\$ (1,855,273)	\$ 5,116,295	\$ 28,643	\$ (229)	\$ 738,002	\$ -	\$ 4,027,438
Rev less Exp/Trf	\$ 526,000	\$ 10,118,611	\$ 3,221,101	\$ 34,280	\$ 3,317,884	\$ -	\$ 17,217,876
One-Time Exp	\$ 526,000	\$ 9,076,042	\$ 75,000	\$ -	\$ 100,000	\$ -	\$ 9,777,042

- Increased General Fund appropriation largely due to collective bargaining increases.
- Higher personnel costs due to salary and collective bargaining increases, as well as the filling of vacant positions.
- Increasing student-help payroll by 40% to provide additional opportunities to students (\$925K).
- Increase in scholarship expenditures due to additional funding provided for Hawai`i Promise (\$3.7 million).



# Systemwide Administration

	General Fund	TFSF	RTRF	Other Special	Other Revolving	Fed Funds	Total
Revenues	\$ 61,920,181	\$ 8,505,100	\$ 19,055,583	\$ 5,080,214	\$ 896,479	\$ 4,342,000	\$ 99,799,557
Expenditures	\$ 55,833,758	\$ 13,302,486	\$ 20,113,414	\$ 10,407,133	\$ 1,208,134	\$ 4,342,000	\$ 105,206,925
Net Transfers	\$ 6,086,423	\$ (7,722,592)	\$ 724,697	\$ (4,852,779)	\$ (395,490)	\$ -	\$ (6,159,741)
Rev less Exp/Trf	\$ -	\$ 5,125,206	\$ (1,782,528)	\$ 477,360	\$ 107,473	\$ -	\$ 3,927,511
One-Time Exp	\$ -	\$ 2,200,000	\$ -	\$ 951,500	\$ 23,638	\$ -	\$ 3,175,138

- RTRF Revenue is projected to decrease by **-\$10.8 million (-36.3%)** primarily due to cessation of federal pandemic relief funds.
- Strategic investments in:
  - IT to support student success and research & innovation.
  - Information security, new conservation stewardship center, and initiation of long-range planning for the University Avenue Ewa parcel.



# Next Steps

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- Review and Acceptance today, pursuant to Committee input.
- Review and Approval by Board at its September 21<sup>st</sup> meeting.
- Quarterly Financial Reports to monitor revenues and expenditures.
- Note: this plan was prepared before the Maui wildfires. It is expected that there will be additional expenditures, e.g. mental health assistance. These can be readily accommodated within the health balances available.
- Related: presentation later in this agenda of rolling Multi-Year Financial Forecast -- this FY 23-24 plan and next 5 years.