Fiscal Year 2025-2026 Operating Budget

September 2025

Introduction and Context

University of Hawai‘i (UH or University) Board of Regents (BOR) Policy 8.204 requires the UH Administration to present an operating budget, or expenditure plan, each year for approval. For Fiscal Year 2025-2026 (FY26), UH continues to implement its Strategic Plan for 2023-2029, which the BOR approved at its November 17, 2022, meeting. The Strategic Plan is based on five foundational principles and prioritizes four imperatives.

The four imperatives are:

1. Fulfill kuleana to Native Hawaiians and Hawai‘i;
2. Develop successful students for a better future;
3. Meet Hawai‘i’s workforce needs of today and tomorrow; and
4. Diversify Hawai‘i’s economy through UH innovation and research.

These actionable imperatives form the heart of the Strategic Plan, with specific goals, objectives, and metrics and are based on five foundational principles:

1. Hawaiian Place of Learning;
2. Statewide Need;
3. Diversity and Equity;
4. Sustainability; and
5. Stewardship of Resources.

The UH depends on State General Funds for approximately 50% of its operating budget, and revenues from the Tuition and Fees Special Fund (TFSF) account for another 28%. The Research and Training Revolving Fund (RTRF) is the next largest single component of UH’s budget, with auxiliary units (i.e., food services, housing, facilities rentals, etc.) making up the balance. This spending plan does not incorporate the extramural funding that the UH receives, which typically has specific restrictions on its expenditure.

The expenditure plan is based on currently available information and assumes a 10% restriction of UH’s General Fund appropriations. However, a portion of this may be reduced later in the fiscal year, depending on State General Fund revenues. Previously approved collective bargaining increases of 3.5% for the current fiscal year are incorporated in this spending plan. Additional assumptions regarding enrollment, utility costs, and other factors were also included. The UH Administration will provide quarterly updates comparing this spending plan with actual revenues and expenditures throughout the year.

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OVERVIEW

In the aggregate across the entire UH system, the FY26 projected operating budget is forecasted to include $1.328 billion in revenues against $1.369 billion in expenditures and transfers. Expenditures are forecasted to exceed current-year revenues by -$40.9 million across all fund types for FY26. However, this revenue "short fall" needs to be considered in the context that current expenditures are to include approximately $93.1 million in one-time expenditures to fund investments toward initiatives that further the execution of strategic plan directions. Without including one-time expenditures, the UH Administration is projecting that fiscal activity in FY26, would result in a $52.2 million operating gain across all funds.

The projected total revenue is relatively flat, but includes a mixture of increases and decreases among the different fund types. In the aggregate, FY26 revenues are projected to increase by $1.0 million, or 0.1%, compared to FY25.

General Fund revenues are derived from legislative appropriation amounts, which have increased mostly as a result of previously agreed-upon scheduled collective bargaining increases. However, in FY26, the amounts of general funds are forecasted to be less than the prior year due to the FY25 inclusion of temporary hazard pay (THP) payments (which were made in FY25). TFSF revenues are projected to slightly increase by $10.6 million, or 2.9%, as compared to FY25 collections. Enrollment is conservatively projected to remain relatively stable across UH campuses. RTRF revenues are projected to decrease by 11.6% ($10.0 million), primarily due to a timing issue; however, there continues to be considerable uncertainty involving actions by the federal government.

FY26 expenditures are projected to increase by $90.4 million, or 7.1%, as compared to FY25 actual expenditures, primarily attributable to several factors: one-time investments aligned with the Strategic Imperatives, collective bargaining increases, filling of vacant positions, and higher utilities and other costs as a result of inflation, as well as increased utilization of on-campus resources.

Fund balances are currently strong, with projected year-end balances for FY26 estimated at approximately $681.2 million. This figure accounts for $40.9 million allocated for strategic investments and one-time expenditures. To enhance financial management, the Administration has centralized university reserves by establishing the Strategic Investment and Risk Diffusion (SIRD) Fund. Recognizing potential federal grant cuts and economic downturns in Hawai‘i's economy, the centralized SIRD fund serves as a vital buffer for the system against financial instability, allowing the UH to uphold its core mission and continue investing in key strategic initiatives, such as data-driven student success programs and critical research infrastructure. This fund will satisfy reserve requirements of Regent's Policy (RP) 8.203 and Executive Policy (EP) 8.210 and maintain a reserve balance of $144.9 million.

BUDGET HIGHLIGHTS BY CAMPUS

Mānoa

UH Mānoa is a world class Research 1 institution known for its strengths in fields such as marine sciences, astronomy, tropical medicine, Hawaiian and Pacific studies, and public health. It houses Hawai'i's only medical, law, engineering, and architecture schools, offering over 200 degree and certificate programs, many with professional accreditation. As a land-, sea-, space-, and sun-grant university, UH Mānoa serves the state, Pacific, and Asia through research, education, and workforce development, with recent investments in health sciences, space sciences, cinematic arts, and sustainability. The campus has also expanded support for student learning, wellness, and Native Hawaiian initiatives in alignment with its strategic plan.

For FY26, UH Mānoa projects $804.6 million in revenues and $816.7 million in expenditures, resulting in a $12.1 million net operating shortfall. Revenue growth of 1.2% ($9.6 million) over FY25 is driven by modest tuition increases and higher auxiliary activities, while expenditure increases of 1.4% ($10.9 million) reflect collective bargaining increases, inflation, and cash funding support for major facilities projects, including the Snyder Hall replacement, Sinclair Hall renovations, Ching Field expansion, and Hale Haukani graduate housing.

TFSF is projected to incur a $46.7 million shortfall due to the above capital investments, higher personnel costs, and utility expenses. Even accounting for this, UH Mānoa anticipates ending FY26 with $339.96 million in reserves. Although much of it is already committed to repair, replacement, and bond requirements, $236.4 million remains available above minimum reserve requirements to sustain operations and long-term projects.

Hilo

UH Hilo is a comprehensive regional public university that offers 38 undergraduate, 8 graduate, 2 doctoral, and 2 professional degrees, with programs rooted in the island's unique cultural and environmental context. Recognized nationally for its diversity, UH Hilo serves a wide range of students, including many first-generation and non-traditional learners, and leverages Hawai'i Island's diverse ecosystems as living laboratories for hands-on learning in fields such as volcanology, marine science, and agriculture. The University prioritizes investments in student success, Native Hawaiian language and culture, community-based learning, workforce development, and research innovation.

For FY26, UH Hilo projects total revenues of $91.6 million, a 1.0% decrease from FY25, primarily due to lower tuition and RTRF revenues, while expenditures are projected to increase 8.3% to $97.8 million, driven by personnel cost increases and strategic investments. The University plans to draw $8 million from TFSF reserves and $1.5 million from Other Special Funds reserves to advance strategic imperatives, including expanding bilingual Hawaiian language initiatives, increasing student

mentoring and tutoring, enhancing facilities and technology, and strengthening community-based workforce pathways.

Projected net operating shortfall of $8.5 million is due to investments in strategic initiatives and one-time investments totaling $9.5 million. UH Hilo will maintain $34.6 million above its minimum required reserves, ensuring future financial stability.

West Oʻahu

UH West Oʻahu (UHWO) delivers a distinctive, learner-centered, workforce-aligned baccalaureate education rooted in indigenous values and offered through in-person, online, and hybrid formats. The campus is strategically investing in enrollment growth, workforce development programs such as Pre-Nursing, Early Childhood Education, Creative Media, and Cybersecurity, and expanding its advanced digital media, teacher preparation, and place-based indigenous learning offerings.

FY26 priorities include implementing Salesforce and EAB Navigate 360, growing marketing and recruitment capacity, and advancing sustainability goals through major capital projects like an $8 million Photovoltaic Parking Lot and battery storage system project and high-efficiency chiller replacements—key steps toward UH's net-zero energy target.

UHWO projects FY26 revenues to remain level with FY25 actuals, with a 5.3% tuition increase driven by higher in-state rates and modest enrollment growth. Expenditures are expected to rise 37.8% ($13.6 million), largely due to collective bargaining increases, expanded student services, utility cost growth, and one-time strategic investments. The campus anticipates a net operating shortfall of $9.7 million, primarily the result of one-time capital investments and enrollment initiatives. Even after accounting for these financial investments, the campus forecasts sustaining its level of healthy reserves of over $23 million to support fiscal sustainability. The campus views campus-level reserves as crucial to funding additional initiatives in future years. UHWO continues to exercise disciplined financial oversight, actively seek alternative funding, and implement cost-saving measures while positioning itself to meet Hawaiʻi's current and future workforce needs.

Community Colleges

UH Community Colleges (UHCC) play a critical role in expanding educational access, advancing Native Hawaiian culture and values, and meeting Hawaiʻi's workforce needs. Through initiatives like the 13th Year Initiative, the Hawaiʻi Promise program, and an AI-Based Career Pathway tool, UHCC is improving student success, affordability, and transfer rates to four-year institutions. Workforce development efforts include the Good Jobs Hawaiʻi program, healthcare training pathways such as UH Maui's new Bachelor of Science in Nursing, and targeted support for underrepresented communities through the Pamantasan Council. Economic diversification is also a priority, with the Food Innovation Network and the Culinary Institute of the Pacific expanding programs statewide to strengthen sustainable, island-based food systems.

Financially, UHCC's FY26 budget projects a modest 1.6% ($4.3 million) increase in revenues to $268 million, with growth in both General Fund allocations and tuition revenues. Expenditures are anticipated to rise 16.3% ($38 million) to $271.9 million, largely due to strategic hiring, collective bargaining adjustments, campus repair and maintenance, and critical equipment purchases. Significant investments towards expanding student employment, instructional support, and capital improvements reflect UHCC's commitment to academic quality, workforce readiness, and long-term institutional sustainability. UHCC is projected to maintain robust balances of $191.8 million by the end of FY26.

Systemwide Administration

UH System Administration (System) serves as the central engine driving the state's only public higher education system, aligning all ten campuses with the UH Strategic Plan 2023–2029. Built on four imperatives—fulfilling kuleana to Native Hawaiians, advancing student success, meeting workforce needs, and diversifying the economy through innovation—System Administration provides strategic planning, fiscal stewardship, and research support rooted in Indigenous values.

Despite projected revenue declines in system-level funding sources of 9.1% ($12 million) in FY26, the System is committed to investing substantially in areas that will advance strategic objectives for all campuses. The decline in overall revenue sources is largely due to timing of research overhead funds, but the System will remain financially strong with an ending balance of $84 million and reserves well above required levels. Expenditures are strategically aligned with the plan's imperatives, including $400,000 to expand Native Hawaiian leadership positions, $5.1 million in student success platforms such as EAB Navigate and Edify, and $3.45 million to build a phased AI strategy that supports workforce development and innovation.

While the FY26 budget reflects a modest $1.7 million operating deficit due to deliberate strategic investments, System's prudent reserve management provides resilience against federal volatility. Even after accounting for these financial investments, the System forecasts sustaining a healthy level of reserves to support fiscal sustainability. The System views reserves throughout the University as crucial to funding additional initiatives in future years. Ultimately, these efforts ensure UH will continue to be Hawai‘i's primary driver of talent development, economic diversification, and educational equity.

SYSTEMWIDE REVENUES

Type of Fund	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
General Funds	$659,616,178	$668,442,832	($8,826,654)	-1.3%
Tuition & Fees	$376,195,471	$365,637,316	$10,558,155	2.9%
RTRF	$76,219,405	$86,258,569	($10,039,164)	-11.6%
Other Special Funds	$160,811,931	$152,431,473	$8,380,458	5.5%
Other Revolving Funds	$42,318,236	$41,469,145	$849,091	2.0%
Appropriated Federal Funds	$12,763,707	$12,648,451	$115,256	0.9%
Total Revenues	**$1,327,924,928**	**$1,326,887,786**	**$1,037,142**	**0.1%**

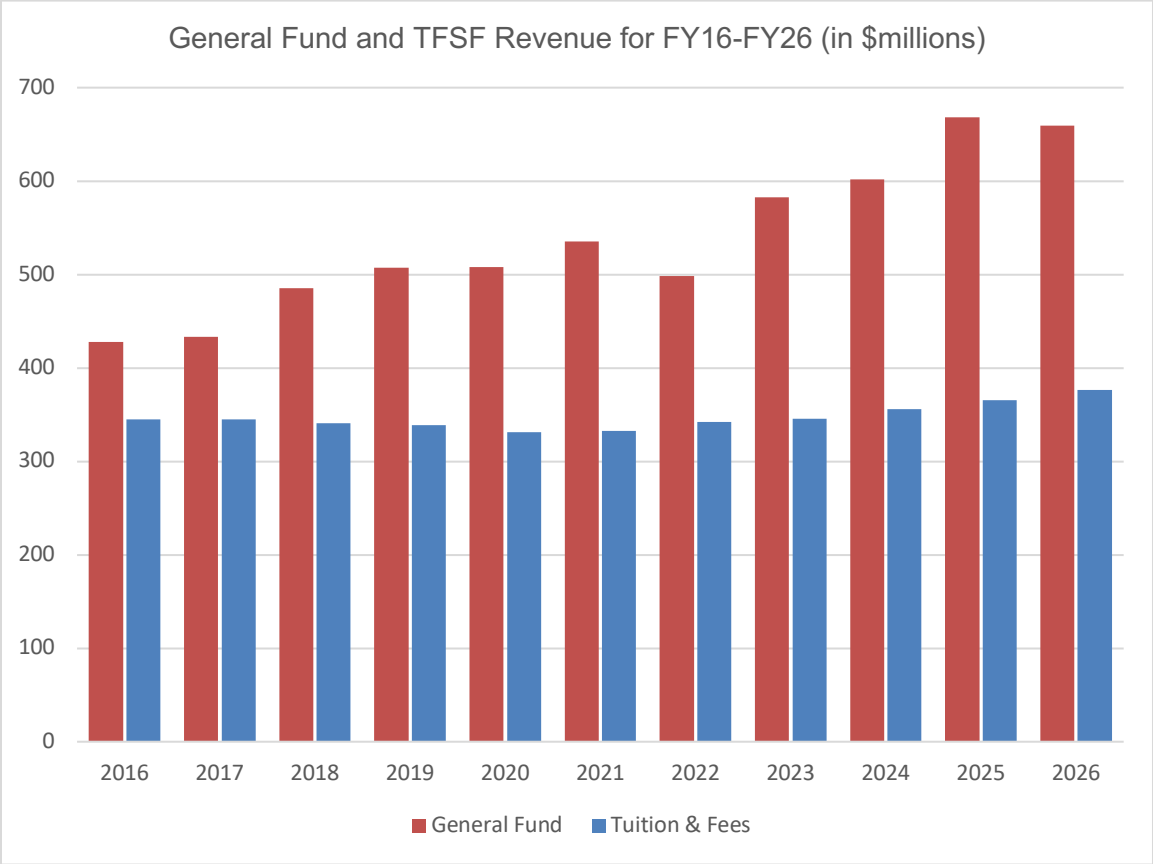
Type of Fund	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
General Funds	$668,442,832	$636,023,395	$32,419,437	5.1%
Tuition & Fees	$365,637,316	$360,885,947	$4,751,369	1.3%
RTRF	$86,258,569	$64,653,079	$21,605,490	33.4%
Other Special Funds	$152,431,473	$150,934,805	$1,496,668	1.0%
Other Revolving Funds	$41,469,145	$45,167,701	($3,698,556)	-8.2%
Appropriated Federal Funds	$12,648,451	$12,810,940	($162,489)	-1.3%
Total Revenues	**$1,326,887,786**	**$1,270,475,867**	**$56,411,919**	**4.4%**

For the entirety of the UH System, compared to FY25 actual revenues, FY26 General Fund revenues are projected to decrease by $8.8 million, or 1.3%. This is largely the result of UH being provided and paying $31.1 million in General Funds in the prior fiscal year (FY25) for THP costs for HGEA employees. Those payments were one-time and will not be made in FY26 resulting in UH's General Fund allocation being projected to decrease by this amount. However, this decline is offset by additional funds for other already agreed upon collective bargaining increases as well as some legislative initiatives.

Most fund types are increasing, with the exception of RTRF as revenues are projected to decline primarily due to a timing difference in revenue recognition, where overhead funds were accrued in the previous fiscal year but not yet distributed to campus units. TFSF is increasing primarily due to increased enrollment.

Historic Revenues for General Fund and Tuition

The following chart shows historic revenues for the past ten years (FY16 through FY25) and projected revenues for FY26 for the General Fund and TFSF:



While tuition revenue has remained relatively steady, General Fund appropriations have increased, with the exception of FY22 as a result of the COVID-19 pandemic and FY26 as a result of THP payments made in FY25. However, the majority of the General Fund growth is due to collective bargaining increases rather than new programs.

SYSTEMWIDE EXPENDITURES

Expenditures and Transfers by Fund Type

Expenditures and Transfers	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
General Funds	$659,616,178	$666,491,542	($6,875,364)	-1.0%
Tuition & Fees	$445,313,376	$359,235,346	$86,078,030	24.0%
RTRF	$71,381,272	$67,597,232	$3,784,040	5.6%
Other Special Funds	$136,764,611	$133,759,187	$3,005,424	2.2%
Other Revolving Funds	$43,029,321	$38,703,609	$4,325,712	11.2%
Appropriated Federal Funds	$12,706,808	$12,648,451	$58,357	0.5%
Total Expenditures	**$1,368,811,566**	**$1,278,435,367**	**$90,376,199**	**7.1%**

Expenditures and Transfers	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
General Funds	$666,491,542	$636,023,395	$30,468,147	4.8%
Tuition & Fees	$359,235,346	$410,689,091	($51,453,745)	-12.5%
RTRF	$67,597,232	$62,928,805	$4,668,427	7.4%
Other Special Funds	$133,759,187	$159,398,819	($25,639,632)	-16.1%
Other Revolving Funds	$38,703,609	$45,079,265	($6,375,656)	-14.1%
Appropriated Federal Funds	$12,648,451	$12,519,993	$128,458	1.0%
Total Expenditures	**$1,278,435,367**	**$1,326,639,368**	**($48,204,001)**	**-3.6%**

Expenditures for FY26 are projected to increase by $90.4 million, or 7.1%, as compared to actual FY25 expenditures. The increase is largely due to strategic one-time investments, increased personnel costs, and higher utilities costs. One-time expenditures totaling $93.1 million across all campuses will be used for repairs and maintenance of existing buildings, construction of a few new facilities, and pilot projects or temporary continuation of ongoing programs. Additional information regarding these investments is included in each campus' section of this narrative. Higher personnel costs are a result of the lifting of the hiring freeze, pay raises, and fringe costs. Finally, utilities costs are projected to increase because of higher rates and increased utilization.

The following table breaks out expenditures by category. Because of transfers, these numbers do not match the previous table that reported expenditures and transfers by fund type.

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$777,167,492	$765,592,836	$11,574,656	1.5%
Lecturer Payroll	$47,269,442	$45,035,437	$2,234,005	5.0%
Student Help Payroll	$24,168,786	$22,735,799	$1,432,987	6.3%
Other Personnel	$11,216,391	$9,903,563	$1,312,828	13.3%
Subtotal Personnel	*$859,822,111*	*$843,267,635*	*$16,554,476*	2.0%
Utilities	$77,419,555	$74,012,813	$3,406,742	4.6%
Scholarships, Tuition	$88,018,759	$78,679,451	$9,339,308	11.9%
Other Operating Expenses	$323,856,421	$281,967,320	$41,889,101	14.9%
Subtotal Other	*$489,294,735*	*$434,659,584*	*$54,635,151*	*12.6%*
Total Expenditures	**$1,349,116,846**	**$1,277,927,219**	**$71,189,627**	**5.6%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$765,592,836	$681,237,073	$84,355,763	12.4%
Lecturer Payroll	$45,035,437	$43,823,446	$1,211,991	2.8%
Student Help Payroll	$22,735,799	$19,423,098	$3,312,701	17.1%
Other Personnel	$9,903,563	$11,255,433	($1,351,870)	-12.0%
Subtotal Personnel	*$843,267,635*	*$755,739,050*	*$87,528,585*	11.6%
Utilities	$74,012,813	$86,327,186	($12,314,373)	-14.3%
Scholarships, Tuition	$78,679,451	$66,621,725	$12,057,726	18.1%
Other Operating Expenses	$281,967,320	$330,294,370	($48,327,050)	-14.6%
Subtotal Other	*$434,659,584*	*$483,243,281*	*($48,583,697)*	*-10.1%*
Total Expenditures	**$1,277,927,219**	**$1,238,982,331**	**$38,944,888**	**3.1%**

SYSTEMWIDE NET OPERATING INCOME

Net Operating Gain/Loss is the difference between Revenue and the combined amount of Expenditures and Net Transfers (out). When looking at recurring costs, UH shows a net gain of $52.2 million. However, there are also $93.1 million in one-time expenditures planned for FY26, in large part to advance strategic initiatives. The combined effect is a reduction of fund balances totaling $40.9 million for FY26.

Fund Type	FY25 Recurring NOI	FY25 One-Time Expenditures	FY25 Net Gain (Loss)
General Fund	$1,579,575	$1,579,575	$0
Tuition & Fees SF	$12,624,984	$81,742,889	($69,117,905)
RTRF	$5,118,133	$280,000	$4,838,133
Other Special Funds	$32,262,607	$8,215,287	$24,047,320
Other Revolving Funds	$604,774	$1,315,859	($711,085)
Appropriated Federal Funds	$56,899	$0	$56,899
Total	**$52,246,972**	**$93,133,610**	**($40,886,638)**

For the entire UH system, the overall net operating income, fund balance, and reserves are presented below. A similar breakout is also present in each campus' respective section.

Net Operating Income (including one-time expenditures) (All Funds Summary)	**FY26 Projected**
Net Operating Income	($40,886,638)
Beginning Balance	$722,069,572
Ending Balance	$681,182,934
Operating Reserve (EP 8.210)	$32,206,984
Debt Service Reserve (EP 2.212)	$23,544,985
Repair and Replacement Reserve (EP 2.212)	$73,635,733
Mandatory Reserves	$1,000,000
Other Reserves	$15,000,000
Balance Above Minimum Reserve After Adjustments	**$535,795,232**

RESERVES

The University of Hawaii System recognizes the importance of having and maintaining sufficient reserve funds to address future fiscal needs or to mitigate revenue issues during economic downcycles. RP 8.203 and EP 8.210 set forth the fund reserve policy for UH. The policies specify an annual reporting of current and projected fund balances and provide definitions for adequate levels of funding.

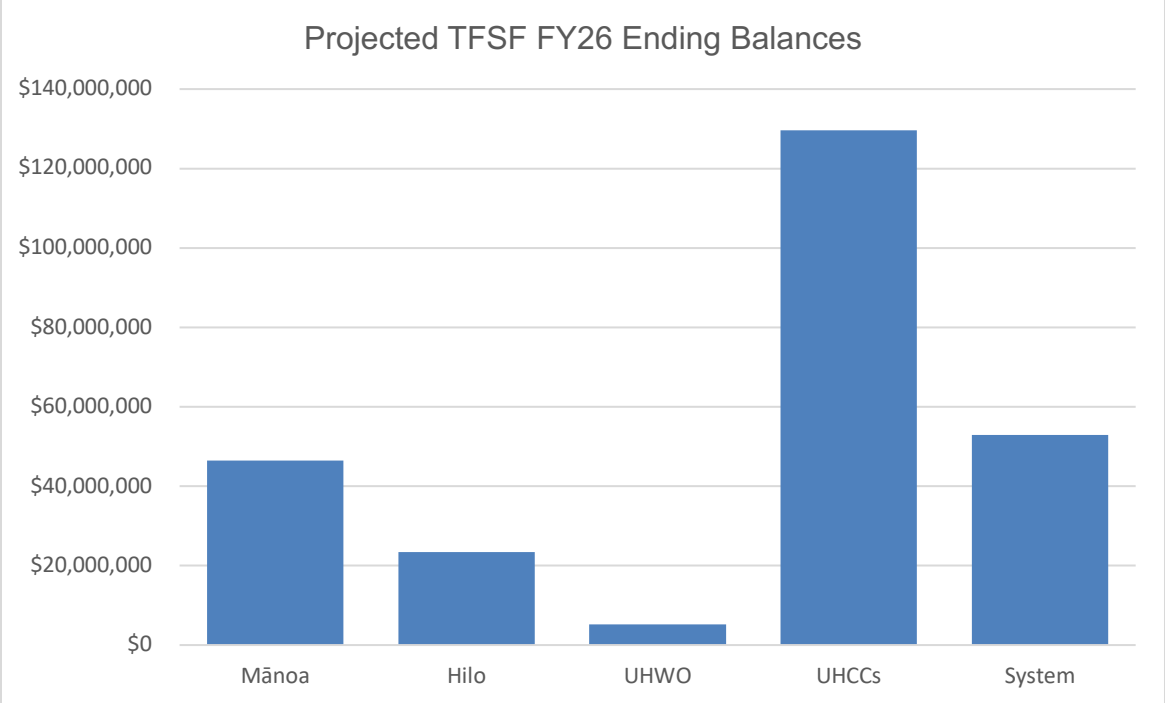
EP 8.210 defines operating reserves as funds set aside to ensure the University is prepared to address financial shortfalls or emergencies, including requirements of accreditation. It is calculated as 16% of the average general operating expenditures over the last three fiscal years.

Debt Service Reserves are established in EP 2.212 and require an amount equal to the maximum annual debt service due in the succeeding three-year period.

EP 2.212 also requires that an amount equal to 50% of its depreciation expense for the preceding fiscal year is transferred into the renewal and replacement fund. This creates a contribution requirement rather than a fund balance requirement.

Projected ending balances for TFSF are presented below:

Campus	Mānoa	Hilo	UHWO	UHCCs	System	**Total**
FY26 Ending Balance	$46,477,801	$23,388,275	$5,260,737	$129,673,040	$52,948,019	**$257,747,872**



In addition to these balances at the campuses, FY26 marks the implementation of the SIRD Fund, which maintains a balance of 16% of the average general operating

expenditures over the past three fiscal years. The estimated FY26 ending balance for the SIRD is $144.9 million. It is anticipated that this fund will make strategic investments to benefit the entire University. No expenditures from this fund are currently planned for FY26, but investments may be made in the future.

CONCLUSION

As UH continues to implement its six-year Strategic Plan, this FY26 operating budget represents a sustained effort to quantify UH's current investments within the framework of the Strategic Imperatives and continues investments along those Imperatives. Because of previous efforts to grow fund balances, the UH can accommodate these investments. The UH Administration looks forward to working with all stakeholders and constituencies to advance the quality of life for all people of Hawai‘i through robust educational offerings and world-class discovery, while modeling how institutions must fulfill their responsibilities to indigenous people and their place in the 21st century.

University of Hawai‘i at Mānoa

Introduction

The University of Hawai‘i at Mānoa is the flagship campus of the UH System, combining world-class research with graduate and undergraduate education. Consistent with its location in the most diverse community and environment in the world, UH Mānoa is a globally recognized center of learning and research with a kuleana to serve the people of Hawai‘i and our neighbors in the Pacific and Asia. The Carnegie Foundation classifies UH Mānoa as a Research 1 institution with “very high” research activity, and the National Science Foundation consistently ranks UH Mānoa as among the top 100 universities in the nation in federal research expenditures. UH Mānoa has widely recognized strengths in the marine sciences, earth sciences, astronomy, linguistics, Asian Studies, population sciences, tropical agriculture, tropical medicine, microbiology, Hawaiian studies, Pacific Islands studies, international business, and public health.

UH Mānoa houses the state’s only medical school, law school, College of Engineering, and School of Architecture. It provides distinctive professional degrees through programs in education, business, travel industry management, nursing, public health, and social work. UH Mānoa also offers doctoral programs in major intellectual disciplines. As one of just a handful of land-, sea-, space- and sun-grant universities, UH Mānoa has unique responsibilities and opportunities to deliver applied research and education programs that are relevant to the pressing needs of our state and the nation. UH Mānoa offers 97 bachelor’s degrees, 86 master’s degrees, 51 research doctorates, and 5 professional doctorates. Of these, 72-degree programs are professionally accredited. The campus also offers 29 undergraduate certificates, 4 post-baccalaureate certificates, and 41 graduate certificates.

UH Mānoa has continued its efforts to ensure that all hiring and spending are aligned with the UH System and UH Mānoa Strategic Plans. The campus has made significant recent investments in initiatives in Health Sciences, Space Sciences, Cinematic Arts, and Sustainability, to contributing to the diversification of Hawai‘i’s economy and meeting the workforce needs of today and tomorrow. Investments have been made in various areas related to student learning and wellness, including mental health support, academic advising, classroom improvements, and student housing, to ensure student success in achieving their career aspirations. The campus’s commitment to fulfill its kuleana to Native Hawaiians and Hawai‘i is evident across all of these areas, with significant investments under the Provost’s Strategic Investment Initiatives competition designed to seed new areas of research, foster innovation and transdisciplinary collaborations, and improve student support. Unit-level budget allocations and faculty hiring approvals will continue to be informed by the Strategic Plan, ensuring that investments are made to address the State’s highest priorities.

BUDGET SUMMARY

Overview

For all funds, UH Mānoa is projecting revenues of $804.6 million and expenditures and transfers of $816.7 million. A discussion of the projected net operating shortfall follows the presentation of the summary tables below. The TFSF is covered in a separate section following the discussion of all funds.

ALL FUNDS

Revenues

Type of Fund	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
General Funds	$327,071,695	$337,111,226	($10,039,531)	-3.0%
Tuition & Fees	$263,367,198	$253,037,458	$10,329,740	4.1%
RTRF	$48,000,000	$47,830,933	$169,067	0.4%
Other Special Funds	$140,608,817	$131,909,741	$8,699,077	6.6%
Other Revolving Funds	$20,858,856	$20,141,701	$717,155	3.6%
Appropriated Federal Funds	$4,662,259	$4,900,476	($238,217)	-4.9%
Total Revenues	**$804,568,825**	**$794,931,535**	**$9,637,291**	**1.2%**

Type of Fund	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
General Funds	$337,111,226	$314,353,668	$22,757,558	7.2%
Tuition & Fees	$253,037,458	$253,012,081	$25,377	0.0%
RTRF	$47,830,933	$42,000,000	$5,830,933	13.9%
Other Special Funds	$131,909,741	$133,619,030	($1,709,289)	-1.3%
Other Revolving Funds	$20,141,701	$19,625,357	$516,343	2.6%
Appropriated Federal Funds	$4,900,476	$4,664,495	$235,981	5.1%
Total Revenues	**$794,931,535**	**$767,274,631**	**$27,656,903**	**3.6%**

When comparing the projected FY26 budget against FY25 actuals, revenue is expected to increase by $9.6 million, or 1.2%. The General Fund appropriation for FY26 is lower than that for FY25 due to one-time, THP made in FY25 that are not included in FY26.

Regular term tuition is projected to increase by 3% for undergraduate resident students and first-time freshman, as enrollment management activities have concentrated on these students for this academic year. As of this writing, enrollment and tuition for Fall 2025 are slightly higher compared to the previous year. However, uncertainties regarding how much tuition will be collected remain to be resolved as we navigate through the semester. Summer and credit extension revenues are projected to remain at approximately the same level as FY25.

RTRF revenue is expected to be approximately the same as FY25, based on actual expenditure amounts, subject to indirect cost; however, there remains considerable uncertainty due to recent federal funding actions.

Other Special Funds revenues are projected to increase as Auxiliary Enterprise activities expand, primarily due to the transition of activities from RCUH to Special Fund Recharge Centers (SRRC) and other special fund accounts beginning in FY24. In contrast, Other Revolving Fund revenues are expected to decrease slightly compared to FY25 due to changes in operating practice in a couple of revolving funds.

Expenditures and Transfers by Fund Type

Expenditures and Transfers	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
General Funds	$327,071,695	$335,159,942	($8,088,247)	-2.4%
Tuition & Fees	$310,067,616	$290,812,789	$19,254,827	6.6%
RTRF	$38,011,505	$40,747,011	($2,735,506)	-6.7%
Other Special Funds	$112,961,899	$112,602,281	$359,618	0.3%
Other Revolving Funds	$23,964,179	$21,765,107	$2,199,072	10.1%
Appropriated Federal Funds	$4,605,360	$4,669,663	($64,303)	-1.4%
Total Expenditures	**$816,682,254**	**$805,756,793**	**$10,925,461**	**1.4%**

Expenditures and Transfers	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
General Funds	$335,159,942	$314,353,668	$20,806,274	6.6%
Tuition & Fees	$290,812,789	$300,553,012	($9,740,223)	-3.2%
RTRF	$40,747,011	$36,327,544	$4,419,467	12.2%
Other Special Funds	$112,602,281	$139,618,372	($27,016,091)	-19.3%
Other Revolving Funds	$21,765,107	$24,746,540	($2,981,433)	-12.0%
Appropriated Federal Funds	$4,669,663	$4,373,548	$296,115	6.8%
Total Expenditures	**$805,756,793**	**$819,972,684**	**($14,215,891)**	**-1.7%**

Across all fund types, FY26 expenditures and net transfers are projected to increase by 1.4% ($10.9 million) over FY25 actual expenditures. Overall increases can be attributed to collective bargaining and inflationary increases, as well as several large expenditures to improve facilities on the Mānoa campus.

For General Funds, expenditures will increase by the amount of the collective bargaining agreement increase, although the removal of THP offsets this.

TFSF expenditures are expected to increase primarily due to large projects anticipated to be paid in FY26:

- Completion of the Ching Field expansion ($3.55 million);
- Continuing progress on the Snyder Hall replacement project ($12.22 million this year, $7.9 million next year, $2.2 million in FY28);
- Continued costs for graduate student housing construction (Hale Haukani building; $2 million); and
- Additional costs for the new Student Success Center (Sinclair Hall), to include contingency costs, PV installation, and furnishings ($5.5 million).

TFSF expenditures are affected by shortfalls in the general fund appropriation, as personnel costs are transferred from the general fund to TFSF, resulting in fringe costs being assessed when charged to TFSF.

RTRF expenditures are projected to be fairly consistent with prior year spending trends, with increases due to collective bargaining, inflationary factors, and higher revenue amounts.

Other Special Fund expenditures are projected to increase in FY26 due in part to several repair and replacement projects scheduled to continue in this fiscal year. Additionally, the migration of RCUH direct projects to SRRC and other special fund accounts leads to increased expenditures.

Other Revolving Fund expenditures are expected to increase primarily due to a large repair and replacement project scheduled for University Health Services ($352,000) and facilities equipment replacement ($439, 000).

Federal appropriated funds consist of Federal Work-Study and USDA funds awarded to the College of Tropical Agriculture and Human Resilience (CTAHR). The expenditures in this fund remain fairly consistent as the level of funding is relatively stable.

Expenditures by Category

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$490,596,114	$483,316,125	$7,279,989	1.5%
Lecturer Payroll	$15,616,578	$14,598,556	$1,018,022	7.0%
Student Help Payroll	$13,275,128	$13,285,037	($9,909)	-0.1%
Other Personnel	$4,655,898	$5,417,052	($761,154)	-14.1%
Subtotal Personnel	*$524,143,718*	*$516,616,770*	*$7,526,948*	1.5%
Utilities	$55,575,984	$53,425,286	$2,150,698	4.0%
Scholarships, Tuition	$62,777,130	$55,509,258	$7,267,872	13.1%
Other Operating Expenses	$169,464,199	$175,459,162	($5,994,963)	-3.4%
Subtotal Other	*$287,817,313*	*$284,393,706*	*$3,423,607*	*1.2%*
Total Expenditures	**$811,961,031**	**$801,010,476**	**$10,950,555**	**1.4%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$483,316,125	$481,341,691	$1,974,434	0.4%
Lecturer Payroll	$14,598,556	$10,244,286	$4,354,270	42.5%
Student Help Payroll	$13,285,037	$12,365,865	$919,172	7.4%
Other Personnel	$5,417,052	$10,849,738	($5,432,686)	-50.1%
Subtotal Personnel	*$516,616,770*	*$514,801,580*	*$1,815,190*	0.4%
Utilities	$53,425,286	$59,681,730	($6,256,444)	-10.5%
Scholarships, Tuition	$55,509,258	$47,244,408	$8,264,850	17.5%
Other Operating Expenses	$175,459,162	$212,563,136	($37,103,974)	-17.5%
Subtotal Other	*$284,393,706*	*$319,489,274*	*($35,095,568)*	*-11.0%*
Total Expenditures	**$801,010,476**	**$834,290,854**	**($33,280,378)**	**-4.0%**

Expenditures in FY26 are projected to increase by 1.4% ($10.9 million) compare to FY25 actual expenditures. The primarily drivers of this increase are personnel, utilities, and other operating expenses, alongside collective bargaining agreement increases, and inflationary factors. Payroll costs are rising due to increases in fringe benefit rates and the ongoing impact of the loss of use of S397. Additionally, utility costs are projected to rise due to inflation. Please note that the numbers in this table may differ from those in the previous table, which reported expenditures by fund type, due to the exclusion of transfers from these totals.

Net Operating Gain ()

Type of Fund	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
General Funds	$0	$1,951,284	($1,951,284)	N/A
Tuition & Fees	($46,700,418)	($37,775,331)	($8,925,087)	19.1%
RTRF	$9,988,495	$7,083,922	$2,904,573	29.1%
Other Special Funds	$27,646,918	$19,307,460	$8,339,458	30.2%
Other Revolving Funds	($3,105,323)	($1,623,406)	($1,481,917)	47.7%
Appropriated Federal Funds	$56,899	$193,137	($136,238)	-239.4%
Total Net Operating Income	**($12,113,429)**	**($10,862,934)**	**($1,250,495)**	**10.3%**

Type of Fund	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
General Funds	$1,951,284	$0	$1,951,284	N/A
Tuition & Fees	($37,775,331)	($47,540,931)	$9,765,600	-20.5%
RTRF	$7,083,922	$5,672,456	$1,411,466	24.9%
Other Special Funds	$19,307,460	($5,999,342)	$25,306,802	-421.8%
Other Revolving Funds	($1,623,406)	($5,121,183)	$3,497,777	-68.3%
Appropriated Federal Funds	$193,137	$290,947	($97,810)	-33.6%
Total Net Operating Income	**($10,862,934)**	**($52,698,053)**	**$41,835,119**	**-79.4%**

The primary reason for the projected $46.7 million decline in the TFSF balance in FY26 is due to expenditures associated with renovation and construction projects, including the replacement of Snyder Hall, Sinclair renovations, and the expansion of Ching Field. Higher personnel costs due to collective bargaining increases, and projected inflationary increases in utilities and other operating expenditures are also contributing factors. Many of the renovation and construction expenditures were projected in FY25 but were not completed and are expected to carry into FY26 (Snyder is projected to continue through FY28). Additionally, due to the loss of use of S397, fringe costs for TFSF-funded permanent employees are now projected to be charged to TFSF rather than being borne by the General Fund.

RTRF revenues and expenditures are expected to trend in line with the spending on extramural funds. The timing of spending the allocated RTRF funds contributes to the swing in net operating income, as funds allocated in one year may be spent in a future year.

Other Revolving net operating balances are lower than in prior years due to repair and replacement costs on Other Revolving Funds and changes in reporting for two Revolving Funds. These costs are funded through accumulated reserves in each respective fund. The revolving funds maintain sufficient carryover balances to sustain fluctuations in projected activity levels.

Net Operating Gain (shortfall)

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY26 Projected
Net Operating Income	($12,113,429)
Beginning Balance	$352,072,385
Ending Balance	$339,958,956
Operating Reserve (EP 8.210)	$23,858,270
Debt Service Reserve (EP 2.212)	$16,406,683
Repair and Replacement Reserve (EP 2.212)	$62,339,699
Mandatory Reserves	$953,284
Other Reserves	$0
Balance Above Minimum Reserve After Adjustments	**$236,401,020**

After a projected net operating loss of $12.1 million, Mānoa's anticipated ending balance is $339.96 million. Much of this balance is already committed in the form of repair and replacement reserves, bond covenants and requirements, and RTRF commitments. These reserves total $103.5 million, leaving a fund balance of $236.4 million, which exceeds the minimum reserve requirements. Much of the anticipated balances are to support the continuing operations of the other special and revolving funds.

The larger reserves are to support long-term initiatives and repair and replacement costs, which are not typically covered by the operating budget due to their current sources of funding (primarily revenue bonds).

TUITION AND FEES SPECIAL FUND

Revenues

FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
$263,367,198	$253,037,458	$10,329,740	4.1%

FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
$253,037,458	$253,012,081	$25,377	0.0%

FY26 tuition is projected to be slightly higher than FY25. Summer and extension terms are all expected to have revenues at about the same level as last year. Regular term is projected to have a 3% increase in enrollment for first-time incoming students and undergraduate resident students, but all other categories are projected to remain flat.

Expenditures

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$81,119,867	$68,134,317	$12,985,550	19.1%
Lecturer Payroll	$14,695,937	$12,493,503	$2,202,434	17.6%
Student Help Payroll	$6,344,774	$6,420,655	($75,881)	-1.2%
Other Personnel	$2,223,060	$2,535,445	($312,385)	-12.3%
Subtotal Personnel	*$104,383,638*	*$89,583,920*	*$14,799,718*	16.5%
Utilities	$42,057,779	$35,668,805	$6,388,974	17.9%
Scholarships, Tuition	$3,866,000	$3,941,179	($75,179)	-1.9%
Other Operating Expenses	$85,837,186	$69,116,928	$16,720,258	24.2%
Subtotal Other	*$131,760,965*	*$108,726,912*	*$23,034,053*	*21.2%*
Total Expenditures	**$236,144,603**	**$198,310,832**	**$37,833,771**	**19.1%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$68,134,317	$82,052,263	($13,917,946)	-17.0%
Lecturer Payroll	$12,493,503	$9,541,880	$2,951,623	30.9%
Student Help Payroll	$6,420,655	$5,466,042	$954,613	17.5%
Other Personnel	$2,535,445	$3,243,637	($708,192)	-21.8%
Subtotal Personnel	*$89,583,920*	*$100,303,822*	*($10,719,902)*	-10.7%
Utilities	$35,668,805	$43,607,291	($7,938,486)	-18.2%
Scholarships, Tuition	$3,941,179	$2,390,162	$1,551,017	64.9%
Other Operating Expenses	$69,116,928	$112,651,187	($43,534,259)	-38.6%
Subtotal Other	*$108,726,912*	*$158,648,640*	*($49,921,728)*	*-31.5%*
Total Expenditures	**$198,310,832**	**$258,952,462**	**($60,641,630)**	**-23.4%**

FY26 TFSF expenditures are projected to increase by about 19.1% ($37.8 million) in comparison to FY25 actuals.

- Personnel Expenses: Personnel expenditures are expected to increase by $12.99 million over the last fiscal year. This amount reflects collective bargaining increases paid on TFSF. The amount also includes permanent salaries in excess of the current General Fund appropriation, which will be assessed fringe benefit costs, in addition to the transfer of some lecturer payroll costs to TFSF funds.
- Utilities: Expenditures for utilities from TFSF are projected to be higher than in FY25 due to projected inflationary increases.
- Other Operating: Other Operating costs are projected to increase primarily due to large facilities investments on the Mānoa campus. These include: completion of the Ching Field expansion, pre-closing costs for graduate student housing construction, Snyder Hall replacement, and Sinclair renovations.

Net Operating Gain (shortfall)

Net Operating Income (including one-time expenditures) (TFSF)	**FY26 Projected**
Net Operating Income	($46,700,418)
Beginning Balance	$93,178,219
Ending Balance	$46,477,801
Other Reserves	$0
Balance Above Minimum Reserve After Adjustments	**$46,477,801**

TFSF is projected to have revenues of $263.4 million, expenditures of $236.1 million, and a net transfer of $72.8 million. This results in a projected net operating shortfall of $46.7 million. As of the start of FY26, operating reserves are now held centrally in the SIRD Fund, resulting in a balance of $46.5 million in TFSF at the campus by the end of FY26. Much of the additional balance is being held due to the uncertainty regarding future General Fund appropriations and one-time federal funding received over the last few years. In the event of budget restrictions or revenue decreases in upcoming years, the remaining reserves will be essential to maintain a consistent level of service until adjustments can be made.

University of Hawai‘i at Hilo

Introduction

The University of Hawai‘i at Hilo (UH Hilo) is a comprehensive, regional public university committed to delivering high-quality liberal arts, sciences, and professional baccalaureate education, along with select postgraduate degrees aligned with areas of regional and cultural significance. Our academic portfolio includes 38 undergraduate degrees, 8 graduate degrees, 2 doctoral degrees, and 2 professional degrees. These programs are intentionally designed to leverage the island's unique cultural and environmental assets, supporting a mission-centered approach to ‘āina-based, experiential learning.

UH Hilo serves a diverse student population, including first-generation and non-traditional learners, many of whom attend part-time. Our educational experience is rooted in place, culture, and diversity—values that distinguish UH Hilo within the UH System and nationally. The Island of Hawai‘i's 10 climate zones provide a living laboratory for disciplines such as volcanology, astronomy, agriculture, and marine science. UH Hilo has consistently ranked as one of the "Most Diverse National Universities" by U. S. News & World Report in its 2020 through 2025 Best Colleges Rankings.

While our primary admissions focus remains on Hawai‘i Island residents, UH Hilo continues to attract students from across the state, the Pacific, the continental U.S., and internationally. Students from O‘ahu, in particular, are drawn to UH Hilo for its distinctive academic offerings, rural setting, affordability, and the opportunity to pursue higher education away from home while remaining within the state.

Institutional planning and resource allocation are guided by the 2023–2029 UH System Strategic Plan and the 2025–2035 UH Hilo Strategic Plan. These strategic frameworks inform our budget strategies and spending priorities, ensuring that investments are aligned with our long-term institutional goals and the University's overarching mission.

ALL FUNDS

Revenues

Type of Fund	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
General Funds	$51,660,507	$51,957,400	($296,893)	-0.6%
Tuition & Fees	$22,925,502	$23,242,478	($316,976)	-1.4%
RTRF	$1,517,020	$2,500,901	($983,881)	-39.3%
Other Special Funds	$13,085,147	$12,475,887	$609,260	4.9%
Other Revolving Funds	$2,111,818	$2,047,481	$64,337	3.1%
Appropriated Federal Funds	$291,557	$293,666	($2,109)	-0.7%
Total Revenues	**$91,591,551**	**$92,517,813**	**($926,262)**	**-1.0%**

Type of Fund	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
General Funds	$51,957,400	$49,715,895	$2,241,505	4.5%
Tuition & Fees	$23,242,478	$24,203,074	($960,596)	-4.0%
RTRF	$2,500,901	$2,510,783	($9,882)	-0.4%
Other Special Funds	$12,475,887	$11,627,446	$848,441	7.3%
Other Revolving Funds	$2,047,481	$2,026,097	$21,384	1.1%
Appropriated Federal Funds	$293,666	$291,557	$2,109	0.7%
Total Revenues	**$92,517,813**	**$90,374,852**	**$2,142,961**	**2.4%**

Overall, revenues are projected to decline by approximately 1.0% ($926,262) compared to actual FY25 collections. Tuition and Fees revenue is expected to decrease by 1.4% ($316,976), primarily due to a projected decline in enrollment among undergraduate non-resident and graduate resident students. RTRF revenue is anticipated to decrease by $984,000, reflecting the termination of fund transfers from the Office of the Vice President for Research and Innovation (OVPRI) for Small Business Development Center (SBDC) support and a reduced allocation for the Center for Maunakea Stewardship (CMS). Conversely, Other Special Fund revenue is projected to increase by $609,000 over FY25 actuals, driven by the introduction of a new Student Athletic Fee beginning in Fall 2025, an increase in the commercial tour operator fee for Maunakea access, and higher student housing rental rates.

Expenditures

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$54,992,238	$51,232,731	$3,759,507	7.3%
Lecturer Payroll	$2,467,491	$2,388,535	$78,956	3.3%
Student Help Payroll	$2,532,732	$2,492,851	$39,881	1.6%
Other Personnel	$1,191,678	$972,672	$219,006	22.5%
Subtotal Personnel	*$61,184,139*	*$57,086,789*	*$4,097,350*	*7.2%*
Utilities	$6,281,029	$5,802,547	$478,482	8.2%
Scholarships, Tuition	$7,651,100	$7,605,272	$45,828	0.6%
Other Operating Expenses	$22,699,859	$19,855,586	$2,844,273	14.3%
Subtotal Other	*$36,631,988*	*$33,263,405*	*$3,368,583*	*10.1%*
Total Expenditures	**$97,816,127**	**$90,350,194**	**$7,465,933**	**8.3%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$51,232,731	$53,646,876	($2,414,145)	-4.5%
Lecturer Payroll	$2,388,535	$2,326,734	$61,801	2.7%
Student Help Payroll	$2,492,851	$2,482,686	$10,165	0.4%
Other Personnel	$972,672	$1,577,674	($605,002)	-38.3%
Subtotal Personnel	*$57,086,789*	*$60,033,970*	*($2,947,181)*	*-4.9%*
Utilities	$5,802,547	$5,523,335	$279,212	5.1%
Scholarships, Tuition	$7,605,272	$7,660,000	($54,728)	-0.7%
Other Operating Expenses	$19,855,586	$23,988,458	($4,132,872)	-17.2%
Subtotal Other	*$33,263,405*	*$37,171,793*	*($3,908,388)*	*-10.5%*
Total Expenditures	**$90,350,194**	**$97,205,763**	**($6,855,569)**	**-7.1%**

Overall, expenditures are projected to increase by 8.3% ($7.5 million) compared to actual FY25 expenditures. Personnel costs are expected to rise by 7.2% ($4.1 million), due to collective bargaining increases and the strategic filling of vacant positions under recruitment.

As a vital component of the larger UH System, UH Hilo strategically allocates its financial resources, including reserve funding, to align with the system-wide strategic imperatives. These imperatives serve as a roadmap for guiding investments and initiatives. UH Hilo is making a significant investment towards that end, with a plan to utilize $8 million from TFSF reserves and $1.5 million from Other Special Funds reserves to advance the UH's mission.

Fulfill kuleana to Native Hawaiians and Hawai'i. UH Hilo, with its strong emphasis on Hawaiian language and culture, inherently embodies this imperative. Across all campus units, $500,000 in TFSF reserves will be utilized to foster a campus environment that truly reflects a Hawaiian place of learning. This includes investing in resources for Native Hawaiian students, faculty, and research that advances indigenous knowledge and practices. UH Hilo plans to establish and integrate bilingual protocols and practices by creating online and print resources for campus offices. Additionally, $20,000 from TFSF reserves will be utilized to support Ka Haka 'Ula o Ke'elikōlani in identifying areas in the curriculum and student support services where remediation in the Hawaiian language can increase student success.

Develop successful students for a better future. As the sole comprehensive university on Hawai‘i Island, UH Hilo holds a unique and profoundly important position in the educational, economic, and social fabric of the community. Our existence ensures that Hawai‘i Island residents have direct access to higher education without having to leave their homes and families, which is a significant barrier for many, particularly those facing financial and socio-economic challenges. By educating and empowering more students, UH Hilo directly contributes to a more skilled local workforce, fostering economic development and diversification that is tailored to the island's unique needs and opportunities. Tuition reserve and Other Special Fund reserve funding play a crucial role in bolstering student success initiatives. In support of ongoing strategic initiatives, $2 million in TFSF reserves will be used to provide library, tutoring, advising, and counseling services, and applied research opportunities.

In support of the second Imperative, UH Hilo will utilize $1.3 million from TFSF reserves to address student recruitment and retention of students through increased engagement opportunities, the expansion of student mentoring into their 2nd year, and adaptive outreach to support students. UH Hilo will use $200,000 to expand tutoring options and opportunities for students, a key area for student success, particularly in areas with high DFW rates and in key majors. Improving professional skills for staff and peer mentors will be critical to improving student wellness and sense of belonging. UH Hilo will also utilize $570,000 from TFSF reserves to undertake improvements to facilities and technology infrastructure, enhancing the student experience on campus. Enhancements to the residence halls will also be funded with $2.9 million from TFSF and the Revenue Undertakings Special Fund, with a focus on restroom repairs, painting, and furniture replacement.

Institutional aid is crucial for universities to ensure equitable access to higher education. UH Hilo will utilize $400,000 from the TFSF reserve and $600,000 from the Scholarship & Assistance Special Fund reserves to help students bridge the gap between tuition costs and a student's ability to pay, making college more attainable for those who might otherwise be excluded due to financial barriers.

Meet Hawai‘i’s workforce needs of today and tomorrow. Commitment to community is a core value of UH Hilo. The strong connection to the community is essential for fostering a vibrant and sustainable future. UH Hilo will utilize $500,000 from TFSF reserves to continue ongoing programming in areas of workforce need for the state. In addition, $71,000 in TFSF reserves will be used to expand place- and community-based learning experiences throughout the curricula, including fieldwork, service, internships, and research opportunities that immerse students in Hawai‘i Island’s diverse ecosystems and communities. There will be a focus on increasing Applied/Experiential Learning in the students’ first year. UH Hilo will increase engagement with the local workforce, to align workforce needs with educational offerings, thereby improving long-term collaboration with key stakeholders. Connecting students and the workforce is vital, and UH Hilo will utilize $30,000 in TFSF reserves to host college fairs, bringing businesses and students together.

Funding will also be directed towards programs in education, health and technology, such as nursing, mental health, and teacher education, to continue supporting programs that prepare students for entering the workforce. Such investments ensure that UH Hilo graduates are well-prepared to contribute to Hawai‘i’s economy.

Diversify Hawai'i's economy through UH innovation and research. UH Hilo contributes to this imperative through its unique research strengths, particularly in areas related to sustainability, environmental science, and Hawaiian culture. $60,000 in TFSF reserve funds will be used to support faculty research, develop research infrastructure, and foster partnerships that lead to new discoveries and economic opportunities for the region, with the goal of enhancing the undergraduate research experience, and increase extramural funding.

Net Operating Gain (shortfall)

Net Operating Income (including one-time expenditures) (All Funds Summary)	**FY26 Projected**
Net Operating Income	($8,466,478)
Beginning Balance	$50,555,135
Ending Balance	$42,088,657
Operating Reserve (EP 8.210)	$2,183,128
Debt Service Reserve (EP 2.212)	$1,631,432
Repair and Replacement Reserve (EP 2.212)	$3,655,851
Mandatory Reserves	$46,716
Other Reserves	$0
Balance Above Minimum Reserve After Adjustments	**$34,571,530**

EP 8.210 defines operating reserves as funds set aside to ensure the UH is prepared to address financial shortfalls or emergencies, including requirements of accreditation. It is calculated as 16% of the average general operating expenditures over the last three fiscal years.

Pursuant to EP 2.212, a reserve is maintained by the Revenue Undertaking Special Fund for debt service equal to the maximum annual debt service due in the succeeding three-year period. Additionally, an amount equal to 50% of its depreciation expense for the preceding fiscal year is transferred into the renewal and replacement fund for the Student Housing, Food Service, and DKICP projects.

A $1.0 million Mandatory Major Repair and Replacement Reserve is mandated by the bond resolution adopted by the BOR on November 16, 2001. UH Hilo's portion of the mandatory reserve is $46,716.

Although UH Hilo proposes expenditures that exceed projected revenues by $8.5 million, the campus will maintain a balance of $34.6 million above the required reserve level. This remaining balance will provide UH Hilo with the flexibility to respond swiftly and effectively to unforeseen revenue shortfalls, infrastructure challenges, or operational disruptions. It will ensure continuity of service and will help mitigate potential impacts in the short term.

TUITION AND FEES SPECIAL FUND

Revenues

FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
$22,925,502	$23,242,478	($316,976)	-1.4%

FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
$23,242,478	$24,203,074	($960,596)	-4.0%

Tuition and Fee revenues are expected to be 1.4% ($316,976) less than the FY25 actual amount due to a projected decline among undergraduate non-resident and graduate resident students.

Expenditures

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$4,556,771	$3,864,779	$691,992	17.9%
Lecturer Payroll	$1,213,998	$317,511	$896,487	282.3 %
Student Help Payroll	$1,209,536	$1,202,967	$6,569	0.5%
Other Personnel	$502,114	$475,563	$26,551	5.6%
Subtotal Personnel	*$7,482,419*	*$5,860,820*	*$1,621,599*	27.7%
Utilities	$4,259,870	$1,292,437	$2,967,433	229.6 %
Scholarships, Tuition	$100,000	$100,476	($476)	-0.5%
Other Operating Expenses	$10,812,283	$9,000,850	$1,811,433	20.1%
Subtotal Other	*$15,172,153*	*$10,393,763*	*$4,778,390*	*46.0%*
Total Expenditures	**$22,654,572**	**$16,254,583**	**$6,399,989**	**39.4%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$3,864,779	$5,286,117	($1,421,338)	-26.9%
Lecturer Payroll	$317,511	$942,793	($625,282)	-66.3%
Student Help Payroll	$1,202,967	$1,143,475	$59,492	5.2%
Other Personnel	$475,563	$1,030,978	($555,415)	-53.9%
Subtotal Personnel	*$5,860,820*	*$8,403,363*	*($2,542,543)*	-30.3%
Utilities	$1,292,437	$3,650,000	($2,357,563)	-64.6%
Scholarships, Tuition	$100,476	$110,000	($9,524)	-8.7%
Other Operating Expenses	$9,000,850	$11,003,217	($2,002,367)	-18.2%
Subtotal Other	*$10,393,763*	*$14,763,217*	*($4,369,454)*	-29.6%
Total Expenditures	**$16,254,583**	**$23,166,580**	**($6,911,997)**	**-29.8%**

FY26 personnel expenditures are planned to be $1.6 million higher compared to FY25 actual expenditures due to collective bargaining increases and change in funding source for Lecturer payroll. General fund salary savings were available in FY25 to pay for some of the lecturer costs.

The projected FY26 utilities budget is about $3.0 million more than FY25 actuals. General funds were available in FY25 to pay utilities costs that would have normally been charged to the TFSF.

Overall, FY26 projected expenditures are $512,000 less than FY25 projected expenditures.

Net Operating Gain (shortfall)

Net Operating Income (including one-time expenditures) (TFSF)	FY26 Projected
Net Operating Income	($8,000,000)
Beginning Balance	$31,388,275
Ending Balance	$23,388,275
Other Reserves	$0
Balance Above Minimum Reserve After Adjustments	**$23,388,275**

UH Hilo's TFSF ending balance of $23.4 million is above the reserve requirement set forth in EP 8.210 System-wide Financial Reserves. As mentioned earlier, this balance will help to ensure continuity of service and mitigate potential impacts in the event of unforeseen revenue shortfalls, infrastructure or operational challenges, and disruptions.

The net operating loss of $8.0 million is due to planned expenditures that support and align with the system-wide strategic imperatives. A more comprehensive explanation is provided in the expenditure section under All Funds.

University of Hawai‘i West O‘ahu

Introduction

The University of Hawai‘i West O‘ahu (UHWO) offers a distinct, learner-centered baccalaureate education that seamlessly integrates the humanities, education, social sciences, business, public administration, creative media, and STEM fields with professional and applied disciplines. As an indigenous-grounded institution, UHWO provides dynamic learning environments delivered via in-person, online, and hybrid formats, all closely aligned with the UH Strategic Imperatives (2023) and the UHWO Strategic Action Plan (2018).

This budget approach is deliberately conservative, emphasizing enrollment growth and long-term expense management. We are committed to expanding our workforce development degree programs, including Pre-nursing, Early Childhood Education, Creative Media, and Cybersecurity. Additionally, strategic investments in marketing and student enrollment—essential to the UH Student Success Strategic Priority— will prepare us for FY26 implementation of Salesforce and EAB Navigate 360.

UHWO is also forging ahead with its Advanced Digital Media programs, which integrate art, machine learning, and place-based indigenous learning, along with Cybersecurity and Teacher Preparation programs tailored to meet evolving state workforce needs. UHWO’s cost-control efforts, including the expansion of photovoltaic generation and energy storage and high efficiency chiller replacements, are integral to achieving UH’s goal of energy net zero, which supports UH’s strategic Imperative of diversify Hawai‘i’s economy through innovation and research.

To ensure robust fiscal stability, UHWO employs a thorough review process for all personnel and position action requests, assessing operational costs to confirm their necessity. Financial oversight through monthly reporting and analyses to the University Budget Advisory Council and campus Executive Team. This proactive management approach is critical due to the limited fiscal resources particularly because — approximately 9% in FY26— will be allocated to debt service, which will not be retired until 2041.

In the upcoming fiscal year, UHWO is committed to implementing cost-saving measures, fostering strategic enrollment growth efforts, and actively pursuing alternative funding sources to strengthen its financial sustainability.

BUDGET SUMMARY

ALL FUNDS

Revenues

Type of Fund	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
General Funds	$23,814,256	$24,444,426	($630,170)	-2.6%
Tuition & Fees	$17,164,586	$16,297,253	$867,333	5.3%
RTRF	$562,385	$812,385	($250,000)	-30.8%
Other Special Funds	$742,386	$714,932	$27,454	3.8%
Other Revolving Funds	$1,121,454	$1,104,080	$17,374	1.6%
Appropriated Federal Funds	$126,588	$110,306	$16,282	14.8%
Total Revenues	**$43,531,655**	**$43,483,383**	**$48,272**	**0.1%**

Type of Fund	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
General Funds	$24,444,426	$22,044,976	$2,399,450	10.9%
Tuition & Fees	$16,297,253	$16,636,291	($339,038)	-2.0%
RTRF	$812,385	$521,449	$290,936	55.8%
Other Special Funds	$714,932	$438,711	$276,221	63.0%
Other Revolving Funds	$1,104,080	$963,292	$140,788	14.6%
Appropriated Federal Funds	$110,306	$112,323	($2,017)	-1.8%
Total Revenues	**$43,483,383**	**$40,717,041**	**$2,766,342**	**6.8%**

Projected revenues for FY 26 are expected to closely align with the FY25 actuals, with a notable 5.3% ($867,333) increase in TFSF revenue. This growth can be attributed to a 2% increase in in-state tuition rates and a moderate uptick in enrollment amongst first-time freshmen. However, RTRF revenues are forecasted to decrease, primarily due to the $250,000 in one-time support received in FY25. The anticipated FY26 projected revenue of $562,385 reflects a return to more typical levels.

In FY25, we experienced an impressive rise in General Fund Revenues that surpassed initial projections, largely thanks to the THP adjustment. While tuition revenues fell slightly short, by 2.0%, due to a $300,000 increase in unearned revenues, our Other Special Fund revenues exceeded past projections by 63% ($276,221). This remarkable performance is the result of strong balances in interest-earning accounts combined with higher sustained interest rates.

Overall, the financial outlook is positive, with strategic adjustments paving the way for continued stability and growth in our funding.

Expenditures

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$26,344,745	$24,897,484	$1,447,261	5.8%
Lecturer Payroll	$3,781,400	$3,051,354	$730,046	23.9%
Student Help Payroll	$851,274	$685,567	$165,707	24.2%
Other Personnel	$349,631	$252,557	$97,074	38.4%
Subtotal Personnel	*$31,327,050*	*$28,886,962*	*$2,440,088*	8.4%
Utilities	$2,169,315	$1,940,567	$228,748	11.8%
Scholarships, Tuition	$2,517,369	$2,353,827	$163,542	6.9%
Other Operating Expenses	$13,559,654	$2,798,505	$10,761,149	384.5%
Subtotal Other	*$18,246,338*	*$7,092,899*	*$11,153,439*	*157.2%*
Total Expenditures	**$49,573,388**	**$35,979,861**	**$13,593,527**	**37.8%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$24,897,484	$25,500,959	($603,475)	-2.4%
Lecturer Payroll	$3,051,354	$3,290,984	($239,630)	-7.3%
Student Help Payroll	$685,567	$845,388	($159,821)	-18.9%
Other Personnel	$252,557	$311,165	($58,608)	-18.8%
Subtotal Personnel	*$28,886,962*	*$29,948,496*	*($1,061,534)*	-3.5%
Utilities	$1,940,567	$2,066,015	($125,448)	-6.1%
Scholarships, Tuition	$2,353,827	$2,259,970	$93,857	4.2%
Other Operating Expenses	$2,798,505	$3,545,529	($747,024)	-21.1%
Subtotal Other	*$7,092,899*	*$7,871,514*	*($778,615)*	*-9.9%*
Total Expenditures	**$35,979,861**	**$37,820,010**	**($1,840,149)**	**-4.9%**

In FY26, expenditures are projected to increase by 37.8% ($13.6 million) compared to FY25, primarily driven by personnel costs related to collective bargaining raises and increased fringe costs resulting from changes in the funding mix. Additionally, we anticipate increases in Student Help Payroll expenditures as we enhance support services and activities within the Office of Student Affairs. There will also be an increase in Other Personnel costs as we address urgent needs in high priority areas, such as enrollment management. Furthermore, utility and operating expenses are expected to increase in response to rising on-campus enrollments and inflation.

As a result of the UHWO's enrollment management team's efforts and the addition of a one-time four-year scholarship program, we expect scholarships to increase by 6.9% ($163,542) in FY26. Notably, Other Operating Expenses are projected to increase by 385% ($10.8 million). $9.5 million allocated for one-time expenditures. Key initiatives include an$8 million investment from TFSF for the Photovoltaic Parking Lot and battery project, $1.5 million for campus chiller replacements, and $550,000 dedicated to enrollment management and marketing initiatives.

In FY25, UHWO effectively spent 4.9% ($1.8 million) less than projected through strategic hiring and meticulous oversight of purchase requests. As we move into FY26, UHWO will be maintain this vigilance and prepare for potential decreases in

federal funding. These proactive measures will ensure that UHWO remains focused on enhancing education offerings and student support while navigating the challenges ahead.

Net Operating Gain (shortfall)

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY26 Projected
Net Operating Income	($9,672,950)
Beginning Balance	$32,996,123
Ending Balance	$23,323,173
Operating Reserve (EP 8.210)	$0
Debt Service Reserve (EP 2.212)	$3,763,343
Repair and Replacement Reserve (EP 2.212)	$6,695,700
Mandatory Reserves	$0
Other Reserves	$0
Balance Above Minimum Reserve After Adjustments	**$12,864,130**

The UHWO is currently forecasting a net operating shortfall of $9.7 million primarily due to strategic one-time investments aimed at enhancing our campus and its offerings. Key initiatives include: an $8 million investment in the Photovoltaic Parking Lot project, $1.5 million for campus chiller replacements, and $550,000 dedicated to enrollment management and marketing initiatives.

While these investments position us for long-term growth, we must acknowledge the potential challenges we face, particularly of a reduction in extramural federal funding for our current projects. In such cases, we will need to rely on the RTRF to address urgent campus priorities in the short-term. We have identified several core and high-priority projects that will require RTRF support to sustain our mission and ensure the prosperity of our campus community.

TUITION AND FEES SPECIAL FUND

Revenues

FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
$17,164,586	$16,297,253	$867,333	5.1%

FY25 Actual	Projected	FY25 Actual vs. Projected	%age
$16,297,253	$16,636,291	($339,038)	-2.0%

As we look forward to Fall 2025, the early enrollment indicators are promising, largely thanks to the introduction of our one-time four-year scholarship program. While we are optimistic about this development, we are adopting a conservative approach in our estimates revenue projections.

We anticipate a 5.1% ($867,333) increase in TFSF revenues, driven by several key few factors: a 2% rise in in-state tuition rate, a moderate uptick in enrollment for first-time freshmen and an anticipated decrease in unearned revenues expected for FY26.

In FY25, we experienced a 2% shortfall in TFSF revenues, primarily due to an unexpected $300,000 increase in unearned revenues compared to FY24. Importantly, if unearned revenues had remained stable, our TFSF revenues would have actually surpassed projections by 0.5%.

Expenditures

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$2,254,221	$1,970,613	$283,608	14.4%
Lecturer Payroll	$2,891,087	$767,016	$2,124,071	276.9%
Student Help Payroll	$583,856	$382,188	$201,668	52.8%
Other Personnel	$259,837	$181,000	$78,837	43.6%
Subtotal Personnel	*$5,989,001*	*$3,300,817*	*$2,688,184*	81.4%
Utilities	$2,169,315	$1,734,465	$434,850	25.1%
Scholarships, Tuition	$0	$0	$0	
Other Operating Expenses	$11,036,651	$1,885,224	$9,151,427	485.4%
Subtotal Other	*$13,205,966*	*$3,619,689*	*$9,586,277*	*264.8%*
Total Expenditures	**$19,194,967**	**$6,920,506**	**$12,274,461**	**177.4%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$1,970,613	$2,610,129	($639,516)	-24.5%
Lecturer Payroll	$767,016	$2,830,831	($2,063,815)	-72.9%
Student Help Payroll	$382,188	$563,580	($181,392)	-32.2%
Other Personnel	$181,000	$237,111	($56,111)	-23.7%
Subtotal Personnel	*$3,300,817*	*$6,241,651*	*($2,940,834)*	-47.1%
Utilities	$1,734,465	$2,066,015	($331,550)	-16.0%
Scholarships, Tuition	$0	$0	$0	
Other Operating Expenses	$1,885,224	$2,507,507	($622,283)	-24.8%
Subtotal Other	*$3,619,689*	*$4,573,522*	*($953,833)*	*-20.9%*
Total Expenditures	**$6,920,506**	**$10,815,173**	**($3,894,667)**	**-36.0%**

In FY26, we anticipate a significant increase in TFSF expenditures, projected to rise by 177.4% ($12.3 million), compared to FY25 over the actual amount expended in FY25. This increase is primarily due to the 485% increase in other operating expenses, which includes the one-time investment of $8 million in the PV Parking Project. Moreover, our commitment to enhancing our workforce is reflected in the increase in personnel expenditures, which includes essential raises for lecturers and regular employee as a result of successful collective bargaining raises efforts and engages in the funding mix.

Additionally, we are expanding student support services and activities within the Office of Student Affairs, which has led to an increase in student help expenditures. This is a vital step in ensuring that our students receive the support they need to thrive academically and personally.

Finally, FY26 utilities expenditures are projected to rise by 25%, reflecting anticipated increase in rates, usage, and our funding mix.

Net Operating Gain (shortfall)

Net Operating Income (including one-time expenditures) (TFSF)	**FY26 Projected**
Net Operating Income	($8,552,171)
Beginning Balance	$13,812,908
Ending Balance	$5,260,737
Other Reserves	$0
Balance Above Minimum Reserve After Adjustments	**$5,260,737**

The projected net operating shortfall of $8,552,171 underscores the significant investment of $8 million in the innovative PV Parking Project. This initiative enhances our campus while positioning us for sustainable growth. In addition to this strategic investment, the campus is dedicating over $300,000 to a short-term scholarship program aimed at attracting and supporting students, alongside an additional $250,000 for targeted enrollment management and marketing initiatives.

Community Colleges

Introduction

The University of Hawai‘i Community Colleges (UHCC) are dedicated to expanding educational opportunities and, supporting underserved communities while driving economic growth across the state. By offering flexible learning modalities, UHCC provides access to higher education and skills training to all students, creating a vital pathway to upward mobility. Additionally, the colleges prepare a skilled and job-ready workforce to meet Hawai‘i’s local industry needs.

Fulfill Kuleana to Native Hawaiians and Hawai‘i

The UHCC is committed to integrating Hawaiian culture and values into its academic program offerings and student support strategies at all campuses. Through various initiatives, they strive to create an enriching environment for all students. While some of these support services are institutionalized, others receive vital funding through federal grants.

One of the standout programs offered by the UHCCs continues to be the 13th Year Initiative, a partnership with Kamehameha Schools designed to encourage high school students and adults who may not have considered college to complete their first year. This Initiative supports students with essential scholarships and comprehensive wraparound services grounded in Native Hawaiian values and practices.

Develop Successful Students

Student success is a core priority. A pilot program has been implemented to reduce summer tuition to match regular semester rates. It will continue for two more years, aiming to boost retention and completion rates while minimizing “summer melt” for continuing students. Additionally, UHCC provides ongoing support for Open Educational Resources (OER) and financial aid programs, such as the Hawai‘i Promise program, to help lower costs for students.

This year, the UH System will focus on improving transfer rates. Honolulu Community College, Kaua‘i Community College, and UH West O‘ahu are participating in the Aspen/AASCU Transfer Student Success Intensive, a national initiative aimed at reducing barriers for students and facilitating a smoother transition to four-year institutions. Furthermore, UHCC has received legislative funding to develop an AI-Based Career Pathway tool to help students identify academic pathways and stay on track for graduation and workforce integration.

Meeting Hawai‘i’s Workforce Needs

The Good Jobs Hawai‘i (GJH) program is an exceptional initiative that offers free, short-term training in high-demand fields, complete with paid internships and comprehensive student support services.

According to a preliminary analysis by the University of Hawai‘i Economic Research Organization (UHERO), the program graduates experience an impressive average wage increase of $1,800 in real quarterly wages. The UHCC is committed to GJH as part of its broader system initiatives, and seamlessly integrating non-credit training with credit-bearing programs, fostering valuable articulation agreements, and providing navigators to ensure success.

Investing in workforce initiatives is essential for the growth and sustainability of our community. Windward Community College's Mental Health Tech Certificate equips individuals with critical skills in a high-demand field, while the new four-year Bachelor of Science in Nursing program at UH Maui College addresses the pressing nursing shortage in our state. This program, supported by legislative funding, enables Maui students to pursue their degrees locally, thereby ensuring a robust healthcare workforce right here on the island.

Additionally, the college also offers a Certified Nurse Aide (CNA) to Licensed Practical Nurse (LPN) Bridge Program, a remarkable hybrid offering designed to support working CNAs in advancing their careers to become LPNs. This pathway not only benefits the individuals involved but also enhances the quality of care available to our community.

Furthermore, the Pamantasan Council has secured permanent funding to continue its vital mission of supporting Filipino students and increasing their representation in essential sectors critical to Hawai‘i's workforce.

By investing in these initiatives we're fostering education and building a future where our healthcare and community service sectors can thrive.

Diversifying Hawai'i's Economy

The Food Innovation Network is making significant strides by expanding its reach to Kaua‘i and Hawai‘i Community Colleges, joining existing partnerships with Leeward and UH Maui College, all aimed at empowering local farmers and food entrepreneurs. Finally, the Culinary Institute of the Pacific (CIP) will expand its programming statewide, serving as a hub for research in sustainable, island-based food systems.

ALL FUND SUMMARY

Revenues

Type of Fund	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
General Funds	$191,850,055	$188,734,933	$3,115,122	1.7%
Tuition & Fees	$52,308,656	$51,191,999	$1,116,657	2.2%
RTRF	$2,990,000	$2,989,546	$454	0.0%
Other Special Funds	$215,774	$215,774	$0	0.0%
Other Revolving Funds	$16,981,993	$16,981,991	$3	0.0%
Appropriated Federal Funds	$3,623,303	$3,526,515	$96,788	2.7%
Total Revenues	**$267,969,781**	**$263,640,757**	**$4,329,024**	**1.6%**

Type of Fund	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
General Funds	$188,734,933	$185,438,848	$3,296,085	1.8%
Tuition & Fees	$51,191,999	$51,581,001	($389,002)	-0.8%
RTRF	$2,989,546	$1,370,847	$1,618,699	118.1%
Other Special Funds	$215,774	$85,460	$130,314	152.5%
Other Revolving Funds	$16,981,991	$21,537,298	($4,555,308)	-21.2%
Appropriated Federal Funds	$3,526,515	$3,875,565	($349,050)	-9.0%
Total Revenues	**$263,640,757**	**$263,889,019**	**($248,262)**	**-0.1%**

In FY26, we anticipate a projected increase of 1.6% ($4.3 million), compared to FY25. This upward trend in the General Fund allocations is expected to increase modestly by 1.7% ($3.1 million), primarily reflecting legislative adjustments, including provisions for collective bargaining agreements.

Additionally, TFSF revenues are projected to increase by 2.2% ($1.1 million). This projection reflects careful planning based on FY25 gross TFSF revenues, with adjustments made in expectation of changes in student semester hours across our campuses.

Expenditures

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$153,523,078	$146,276,297	$7,246,781	5.0%
Lecturer Payroll	$25,403,973	$24,996,992	$406,981	1.6%
Student Help Payroll	$5,023,519	$3,929,020	$1,094,499	27.9%
Other Personnel	$2,820,334	$2,488,283	$332,051	13.3%
Subtotal Personnel	*$186,770,904*	*$177,690,592*	*$9,080,312*	5.1%
Utilities	$12,002,858	$11,647,626	$355,232	3.0%
Scholarships, Tuition	$12,073,160	$10,211,067	$1,862,093	18.2%
Other Operating Expenses	$61,101,386	$34,357,969	$26,743,417	77.8%
Subtotal Other	*$85,177,404*	*$56,216,662*	*$28,960,742*	*51.5%*
Total Expenditures	**$271,948,308**	**$233,907,254**	**$38,041,054**	**16.3%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$146,276,297	$148,548,659	($2,272,362)	-1.5%
Lecturer Payroll	$24,996,992	$25,317,568	($320,576)	-1.3%
Student Help Payroll	$3,929,020	$3,705,128	$223,892	6.0%
Other Personnel	$2,488,283	$2,149,448	$338,835	15.8%
Subtotal Personnel	*$177,690,592*	*$179,720,803*	*($2,030,211)*	-1.1%
Utilities	$11,647,626	$11,093,739	$553,887	5.0%
Scholarships, Tuition	$10,211,067	$9,900,448	$310,619	3.1%
Other Operating Expenses	$34,357,969	$55,459,363	($21,101,394)	-38.0%
Subtotal Other	*$56,216,662*	*$76,453,550*	*($20,236,888)*	*-26.5%*
Total Expenditures	**$233,907,254**	**$256,174,353**	**($22,267,099)**	**-8.7%**

Expenditures for FY26 are projected to increase by 16.3% ($38 million), over the actual expenditures for FY25. This increase is essential to meet critical needs, including filling vacant positions, fulfilling costs related to collective bargaining agreements, addressing general inflationary pressures, investing in capital expenditures for campus repair and maintenance, and acquiring critical equipment.

Notably, payroll expenditures are expected to rise by 5.0% ($7.2 million). This growth is part of a strategic initiative to directly address staffing shortages by reducing General Fund vacancies. Within the TFSF, Student Help Payroll is projected to increase by 27.9% ($1.1 million) in FY26 over FY25. This increase reflects a planned investment to expand employment opportunities for students, foster workforce development, reduce educational cost burdens, and address the anticipated impact of statutory increases in the minimum wage.

Scholarship expenditures are projected to increase by 18.2% ($1.8 million), primarily attributable to $1.3 million needed to provide student support in response to proposed federal cuts to Pell Grants. Potential changes include a 23% reduction in the maximum award and stricter eligibility rules. Additionally, funding has been allocated for scholarships to support those affected by the 2023 Lahaina fire.

For UHCC, Other Operating Expenses are anticipated to increase by approximately 77.8% ($26.7 million). This significant rise is driven primarily by essential planned capital investments within the TFSF, including $17.0 million allocated for campus repair and maintenance projects, and $8.7 million for the acquisition of essential equipment necessary to support ongoing operations and institutional priorities.

- **Fulfill Kuleana to Native Hawaiians and Hawai‘i:** The UHCCs strive to implement this imperative at every community college through initiatives that infuse Hawaiian culture and values into academic programs and student support strategies. Some of these services are institutionalized, while others are grant-funded. The 13th Year Initiative, offered in partnership with Kamehameha Schools, encourages non-college-going high school students and adults to complete their first year of college. The program provides scholarships and wraparound services grounded in Native Hawaiian values.

  In FY26, the UHCCs are deepening this commitment through targeted investments. Kaua‘i Community College is dedicating $75,000 to integrate Native Hawaiian values into instruction, ensuring culturally responsive learning environments that foster belonging and academic success. At Kapi‘olani Community College, $100,000 in scholarship resources will support Native Hawaiian and underrepresented students, particularly those impacted by the Lahaina wildfires. Leeward Community College has committed $100,000 to expand Early College opportunities, providing Native Hawaiian youth with access to college coursework while still in high school. These efforts aim to increase the representation and success of Native Hawaiian students and faculty, ensuring our campuses reflect and uplift the cultural fabric of Hawai‘i.

- **Develop successful students for a better future:** Student success is a core priority. A pilot program to reduce summer tuition to match regular semester rates will continue for two more years, helping reduce “summer melt” and

improve retention. UHCC also supports OER and financial aid programs such as the Hawai‘i Promise program to reduce costs for students.

To support academic persistence and affordability, a proposed $1.3 million increase to Hawai‘i Promise will allow campuses to maintain current institutional aid levels amid anticipated federal Pell Grant reductions. In addition, scholarship funds are being strategically deployed, such as $150,000 at UH Maui College, to support students affected by the Lahaina wildfires.

Investments in student support infrastructure are also underway. Leeward Community College is allocating $900,000 for instructional and student services staff in areas such as Integrated Technology and AI, Early College, and recruitment. Maui College is allocating $1 million to stabilize critical grant-funded student services such as TRIO and to establish a Business Service Center Unit to enhance operational efficiency. Hawai‘i Community College is dedicating $40,000 to professional development for faculty to better support student success.

UHCC System is allocating more than $1.1 million in TFSF to enhance wraparound services including mental health, onboarding, financial aid dashboards, and basic needs support. These targeted investments are designed to create holistic, student-centered environments that foster academic achievement, personal growth, and long-term success.

- **Meet Hawai‘i’s Workforce Needs of Today and Tomorrow:** UHCC continues to play a leading role in developing a skilled and job-ready workforce aligned with the needs of Hawai‘i’s economy. More than $19.6 million in FY26 investments are focused on workforce-related infrastructure and program improvements.

  Honolulu Community College is investing $9 million in essential upgrades, including electric vehicle charging stations, a campuswide public address system, and air conditioning repairs, to ensure safe and functional learning environments. An additional $200,000 will furnish classrooms in the Advanced Manufacturing program, strengthening capacity in this high-demand sector.

  Hawai‘i Community College is allocating $1.5 million for renovations to its Food Innovation Center and Pana‘ewa (working) farm, supporting growth in culinary arts and sustainable agriculture. Another $380,000 will fund equipment for hands-on workforce training in transportation technologies. Kapi‘olani Community College is investing $1.185 million in culinary smallwares and infrastructure to fully reopen its Culinary Institute, while also establishing two new centers, the AI Center for Enhanced Learning and Innovation, and the Maunulau Center for Experiential Learning and Workforce Development.

  Maui College is allocating $2 million in TFSF funds to address shortfalls in the Pā‘ina CIP project, an essential site for hospitality and culinary education. Leeward Community College is directing $3 million toward the renovation of their Automotive Complex, and Windward Community College is investing $140,000 in its growing Veterinary Technician program. At Kaua‘i Community College, $250,000 will be used to decommission its sewer treatment plant.

Together, these investments ensure that UHCC students are equipped with the skills and experiences needed to thrive in high-demand fields, while also supporting sustainable and resilient local economies.

- **Diversify Hawai'i's Economy through Innovation and Research:** Innovation remains a cornerstone of UHCC's mission to diversify the state's economy and provide forward-looking education. Several campuses are leading efforts in emerging technologies and AI integration.

  Kapi'olani Community College will launch a new AI Center for Enhanced Learning with a $200,000 investment, promoting instructional innovation, curriculum design, and professional development. Maui College is investing $150,000 to integrate AI into instruction and student support, ensuring students are prepared for a tech-driven workforce. Kaua'i Community College is dedicating $75,000 for AI training for faculty and staff, while the UHCC System will provide an additional $200,000 for systemwide professional development of faculty and staff.

  To support statewide enrollment and student access, UHCC System will allocate $250,000 for marketing and recruitment efforts. Furthermore, $200,000 will be allocated to expand GJH course offerings and certifications, especially in high-growth sectors like health, education, and technology.

  These investments reflect UHCC's growing role as an engine for economic transformations, cultivating innovation, enhancing student readiness for evolving careers, and strengthening Hawai'i's resilience in a rapidly changing global landscape.

Net Operating Gain (shortfall)

Net Operating Income (including one-time expenditures) (All Funds Summary)	**FY26 Projected**
Net Operating Income	($8,944,129)
Beginning Balance	$200,741,131
Ending Balance	$200,234,615
Operating Reserve (EP 8.210)	$2,367,359
Debt Service Reserve (EP 2.212)	$0
Repair and Replacement Reserve (EP 2.212)	$370,171
Mandatory Reserves	$0
Other Reserves	$0
Balance Above Minimum Reserve After Adjustments	**$189,059,472**

After making the necessary adjustments, UHCC is projecting to have a robust fund balance of $189 million, which exceeds our minimum reserve. This positions UHCC for a strong financial future, with ample fund balances expected after FY26. These reserves present an exceptional opportunity for strategic investments that will strengthen our institutional capabilities and support our mission. We are committed to utilizing these resources wisely to foster growth and innovation within our community.

TUITION AND FEES SPECIAL FUND

Revenues

FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
$52,308,656	$51,191,999	$1,116,657	2.2%

FY25 Actual	Projected	FY25 Actual vs. Projected	%age
$51,191,999	$51,581,001	($389,002)	-0.8%

TFSF revenues are projected to increase by 2.2% ($1.1 million). Please refer to the TFSF portion of the All Fund Summary for additional information.

Expenditures

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$5,159,947	$3,354,611	$1,805,336	53.8%
Lecturer Payroll	$415,532	$401,480	$14,052	3.5%
Student Help Payroll	$3,849,293	$2,861,344	$987,949	34.5%
Other Personnel	$1,853,417	$1,521,367	$332,050	21.8%
Subtotal Personnel	*$11,278,189*	*$8,138,802*	*$3,139,387*	38.6%
Utilities	$5,642,969	$2,088,254	$3,554,715	170.2%
Scholarships, Tuition	$6,252,323	$4,599,328	$1,652,995	35.9%
Other Operating Expenses	$40,263,190	$10,301,095	$29,962,095	290.9%
Subtotal Other	*$52,158,482*	*$16,988,677*	*$35,169,805*	*207.0%*
Total Expenditures	**$63,436,671**	**$25,127,479**	**$38,309,192**	**152.5%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$3,354,611	$5,755,743	($2,401,132)	-41.7%
Lecturer Payroll	$401,480	$391,399	$10,081	2.6%
Student Help Payroll	$2,861,344	$2,703,331	$158,013	5.8%
Other Personnel	$1,521,367	$1,350,386	$170,981	12.7%
Subtotal Personnel	*$8,138,802*	*$10,200,859*	*($2,062,057)*	-20.2%
Utilities	$2,088,254	$4,783,492	($2,695,238)	-56.3%
Scholarships, Tuition	$4,599,328	$3,135,183	$1,464,145	46.7%
Other Operating Expenses	$10,301,095	$30,364,469	($20,063,374)	-66.1%
Subtotal Other	*$16,988,677*	*$38,283,144*	*($21,294,467)*	*-55.6%*
Total Expenditures	**$25,127,479**	**$48,484,003**	**($23,356,524)**	**-48.2%**

Net Operating Gain (shortfall)

Net Operating Income (including one-time expenditures) (TFSF)	FY26 Projected
Net Operating Income	($12,296,168)
Beginning Balance	$141,969,208
Ending Balance	$138,110,653
Other Reserves	$370,171
Balance Above Minimum Reserve After Adjustments	**$129,302,869**

The $370,171 for Other Reserves represents the amount for the Repair and Replacement Reserve requirement pursuant to EP 8.212.

Systemwide Administration

Introduction

The UH System Administration leadership are responsible for guiding and overseeing the state's sole public higher education system. Our mission aligns closely with the UH Strategic Plan 2023-2029, which is structures around four core imperatives:

1. Fulfill kuleana to Native Hawaiians and Hawai‘i;
2. Develop successful students for a better future;
3. Meet Hawai‘i’s workforce needs of today and tomorrow; and
4. Diversify Hawai‘i’s economy through UH innovation and research.

By focusing on strategic planning, financial management, fostering research, and our commitment to Indigenous Hawaiian culture, we aim to advance our mission across all ten campuses. A strong System Administration is vital for economic growth, community well-being, and the advancement of knowledge, both in Hawai‘i and beyond.

However, we face a challenging landscape due to, recent federal legislative and budgetary changes. New regulations such as the Federal Legislative Budget Act, introduce changes to student financial aid. As the same time, proposed federal funding cuts to essential agencies like the National Science Foundation and National Institutes of Health threaten our research endeavors. A proposed 15% cap on indirect cost reimbursements could also undermine our research infrastructure. In response, we are proactively diversifying our funding streams by expanding outreach to private foundations and securing additional philanthropic support to offset potential federal funding gaps, protect our research progress, and ensure all students, particularly those from historically underrepresented backgrounds, can access advanced degrees.

To strengthen our mission and support our students in light of these external challenges, we are making strategic internal, system-wide investments that align with UH's strategic plan. Some key initiatives within our strategic imperatives include:

- **Fulfill Kuleana to Native Hawaiians and Hawai‘i:** In support of this imperative, UH System seeks to invest $400,000 to create additional Hawai‘i Papa O Ke Ao (HPOKA) leadership and support staff positions across eight campuses that currently lack them. This initiative will allow representatives to focus on developing and implementing impactful system-wide projects that aim to nurture Native Hawaiian Students.

- **Develop successful students for a better future** (Student Success)**:** In support of this imperative, the UH System is investing $5,090,000 in technology and infrastructure to support students. This includes implementing EAB Navigate and EAB Edify, which leverage predictive analytics to identify at-risk students and provide a holistic view of student data for timely intervention. We are also establishing a streamlines enrollment management pathway for direct admissions and launching an aggressive marketing campaign to attract new students. Additionally, the UH System is undertaking a thorough cleanse of UH’s articulation database which will ensure a seamless transfer experience for students across all ten campuses.

- **Meet Hawai‘i’s Workforce Needs of today and tomorrow and Diversify Hawai‘i’s Economy through UH Innovation and research:** Our phased approach to integrating AI includes an initial investment of $3,450,000 to establish a robust and governed system. This process will begin with the formation of an AI Planning Group and a specialized task force to develop core policies and risk frameworks. We are building a central, multi-tenant, cloud-based AI platform to provide secure and equitable access for the entire UH, with Phase 1 expected to be delivered within 8-12 months. This foundational platform will support initial use cases in research, teaching, and career readiness initiatives. To address Hawai‘i’s priority workforce needs, UH will launch pilot programs focusing on student success and workforce preparation, including AI enhanced teaching tools and offering micro-credential programs in tourism, healthcare, and clean energy, with the AI Career Advisor and Career Readiness Labs explicitly designed to prepare students for jobs in these key sectors. Finally, our UH community of faculty and staff will engage in AI boot camps and workshops, allowing students to participate as active co-creators in this transformative process, with libraries potentially serving as crucial Knowledge Centers.

Investing in the UH System Administration is the most effective way to support the four strategic imperatives outlined in the UH Strategic Plan. A strong central administration ensures critical oversight and efficiency, maximizing our impact and leveraging its scale to pursue strategic initiatives that benefit all campuses. This centralized approach guarantees financial accountability and the ability needed to navigate challenges, such as federal funding changes, while safeguarding the progress we have made. By fostering a cohesive and resilient system, we can maximize the state's return on investment and solidify UH’s role as a key driver of human capital development by preparing our students for high-skilled jobs in our community and beyond, ensuring a better future for Hawai‘i.

The following budget summary illustrates how the System Administration is translating these strategic priorities into a fiscally responsible budget, focusing on mitigating external risks while supporting long-term growth and sustainability.

BUDGET SUMMARY

ALL FUNDS

Revenues

Type of Fund	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
General Funds	$65,219,665	$66,194,847	($975,182)	-1.5%
Tuition & Fees	$20,429,529	$21,868,128	($1,438,599)	-6.6%
RTRF	$23,150,000	$32,124,804	($8,974,804)	-27.9%
Other Special Funds	$6,159,807	$7,115,139	($955,332)	-13.4%
Other Revolving Funds	$1,244,115	$1,193,892	$50,223	4.2%
Appropriated Federal Funds	$4,060,000	$3,817,488	$242,512	6.4%
Total Revenues	**$120,263,116**	**$132,314,297**	**($12,051,181)**	**-9.1%**

Type of Fund	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
General Funds	$66,194,847	$64,470,008	$1,724,839	2.7%
Tuition & Fees	$21,868,128	$15,453,500	$6,414,628	41.5%
RTRF	$32,124,804	$18,250,000	$13,874,804	76.0%
Other Special Funds	$7,115,139	$5,164,158	$1,950,981	37.8%
Other Revolving Funds	$1,193,892	$1,015,657	$178,235	17.5%
Appropriated Federal Funds	$3,817,488	$3,867,000	($49,512)	-1.3%
Total Revenues	**$132,314,297**	**$108,220,323**	**$24,093,974**	**22.3%**

For FY26, we anticipate a projected revenue decline of 9.1% compared to the previous year, resulting in a reduction of over $12 million. This decrease is primarily driven by a significant projected drop in RTRF, down 27.9% ($9 million). This fluctuation arises from a timing difference in when the revenue was recorded, as overhead funds were accrued in the previous fiscal year but have not yet been distributed to campus units. Additionally, TFSF revenues are expected to fall by 6.6% ($1.4 million), while Other Special Funds are projected to decrease by 13.4% ($955,332).

However, amidst these challenges, we are encouraged by growth in appropriated Federal Funds and Other Revolving Funds, anticipated to increase 6.4% ($242,512) and 4.2% ($50,223), respectively.

Furthermore, while General Funds are projected to decrease by 1.5% ($975,182), this reduction is mainly due to a one-time transfer with the Small Business Development Center (SBDC) in FY25, which will not recur. It is important to note that this does not reflect a systemic reduction in general fund support.

Our strategic approach to revenue management, coupled with a focused and prudent expenditure strategy, positions us to navigate these challenges effectively and ensures the sustainability of our programs and initiatives as detailed in the following section.

Expenditures

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$51,711,317	$59,870,199	($8,158,882)	-13.6%
Lecturer Payroll	$0	$0	$0	
Student Help Payroll	$2,486,133	$2,343,324	$142,809	6.1%
Other Personnel	$2,198,850	$772,999	$1,425,851	184.5%
Subtotal Personnel	*$56,396,300*	*$62,986,522*	*($6,590,222)*	-10.5%
Utilities	$1,390,369	$1,196,786	$193,583	16.2%
Scholarships, Tuition	$3,000,000	$3,000,027	($27)	-0.0%
Other Operating Expenses	$57,031,323	$49,496,098	$7,535,225	15.2%
Subtotal Other	*$61,421,692*	*$53,692,911*	*$7,728,781*	*14.4%*
Total Expenditures	**$117,817,992**	**$116,679,433**	**$1,138,559**	**1.0%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$59,870,199	$51,207,097	$8,663,102	16.9%
Lecturer Payroll	$0	$0	$0	
Student Help Payroll	$2,343,324	$1,585,500	$757,824	47.8%
Other Personnel	$772,999	$732,364	$40,635	5.5%
Subtotal Personnel	*$62,986,522*	*$53,524,961*	*$9,461,561*	17.7%
Utilities	$1,196,786	$1,584,238	($387,452)	-24.5%
Scholarships, Tuition	$3,000,027	$3,000,000	$27	0.0%
Other Operating Expenses	$49,496,098	$50,693,014	($1,196,916)	-2.4%
Subtotal Other	*$53,692,911*	*$55,277,252*	*($1,584,341)*	*-2.9%*
Total Expenditures	**$116,679,433**	**$108,802,213**	**$7,877,220**	**7.2%**

The FY26 budget reflects a net increase of $1.14 million (1.0%) in total expenditures, primarily driven by new strategic investments and a one-time, non-recurring payroll expense.

The anticipated decrease of $8.16 million in "Regular Employee Payroll" should not be misconstrued as a reduction in personnel support; it is solely a result of the absence of the one-time THP provided in FY25. This budget underscores our ongoing commitment to enhancing key initiatives and operation efficiency, while reaffirming our dedication to supporting our workforce as we continue to invest in their growth and the future of our organization.

Net Operating Gain (shortfall)

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY26 Projected
Net Operating Income	($1,689,652)
Beginning Balance	$85,704,798
Ending Balance	$84,015,146
Operating Reserve (EP 8.210)	$3,798,227
Debt Service Reserve (EP 2.212)	$1,743,527
Repair and Replacement Reserve (EP 2.212)	$574,312
Mandatory Reserves	$0
Other Reserves	$15,000,000
Balance Above Minimum Reserve After Adjustments	**$62,899,080**

The projected budget for FY26 forecasts a net operating income deficit of $1.7 million across all funds. This shortfall arises from significant strategic investments that align with the core imperatives outlined in the UH's Strategic Plan.

However, it is essential to note that despite being in a strong financial position, it remains projected to have an ending balance of $84.0 million across all funds. Years of prudent financial management have allowed the UH to maintain reserves well above the minimum required levels. This strong reserve fund is critical, providing the flexibility needed to navigate local, national, and global economic challenges and ensuring the continuity of essential central services.

Within the $15 million allocated as 'Other Reserves,' we have earmarked funds for several key purposes:

- $3 million for the annual University Foundation payment.
- $5 million for the Risk Management self-insurance fund.
- $1.5 million for the IT Special Fund, which supports ongoing operational costs and building maintenance.
- $3 million for B+ scholarships to assist students for the upcoming academic year.
- $1.5 million for the Revenue Undertaking Fund, as mandated by bond covenants.
- $1 million to complete the Burial Treatment Plan at Kumukahi.

In summary, after all adjustments, the System is projected to maintain a reserve balance of $62.9 million above the minimum required level, demonstrating our significant financial stability. This positioning reinforces our ability to invest in our strategic priorities while providing assurance to all stakeholders that UH can respond effectively to future challenges.

GENERAL FUND

The System offices operate without a student population to generate tuition and fee revenue, which means our operating costs, including salary, rely heavily on allocations from the State General Fund. Recent legislative action, particularly Act 250, SLH 2025, introduced several pivotal changes impacting our base budget, including the transfer of Mental Health Counselor positions and funds to the campuses, a non-recurring reduction for the East-West Center, and the addition of funds for I Hoa Nā Mo‘olelo.

A significant portion of the UH System's general fund budget—18.5%, or $12.1 million—is dedicated to supporting campus operations and student initiatives. For FY26, we have earmarked $10.6 million, or 16.3% of the UH System’s General Fund budget, to be transferred to the campuses for vital purposes, including performance funds, scholarships, and various program expenses.

Additionally, the UH System will allocate funds from Act 250, SLH 2025, for the I Hoa Nā Mo‘olelo initiative to the Mānoa campus ensuring our commitment to enriching education opportunities. Furthermore, the UH System allocated $1.45 million for the Western Interstate Commission for Higher Education (WICHE) scholarships which directly support student’s access to higher education options at our campuses.

General Fund Transfers	**FY26 Budget**
Performance Funding	$3,118,997
Performance Funds System Initiatives	$3,290,253
B Plus Scholarships	$3,000,000
Workers Comp/UI	$800,000
Student Affairs	$156,000
Language Access Plan	$75,500
SEED	$6,697
I Hoa No Moolelo	$179,378
Total Transfers	*$10,626,825*
WICHE	$1,447,465
Grand Total	**$12,074,290**

TUITION AND FEES SPECIAL FUND

Revenues

FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
$20,429,529	$21,868,128	($1,438,599)	-7.0%

FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
$21,868,128	$15,453,500	$6,414,628	41.5%

TFSF revenues are anticipated to decline by $1.4 million, representing a -6.6% decrease, predominantly due to a reduction in interest income. While interest rates have remained stable since July 2023, we are making this projection based on two key factors. First, campuses are likely to utilize their cash balances to support essential strategic initiatives. Second, the federal interest rate is expected to decrease in the coming months. These drawdowns will inevitably diminish the cash available to generate interest, impacting our overall revenue.

We must take proactive measures to address this projected decline. By evaluating alternative strategies for funding, we can better position ourselves to stabilize and increase our revenue in the future.

Expenditures

Expenditure Category	FY26 Projected	FY25 Actual	FY26 Projected vs. FY25 Actual	%age
Regular Employee Payroll	$2,091,642	$2,770,506	($678,864)	-24.5%
Lecturer Payroll	$0	$0	$0	
Student Help Payroll	$14,212	$14,189	$23	0.2%
Other Personnel	$1,548,308	$54,082	$1,494,226	2762.9%
Subtotal Personnel	*$3,654,162*	*$2,838,777*	*$815,385*	28.7%
Utilities	$254,770	$265,361	($10,591)	-4.0%
Scholarships, Tuition	$0	$0	$0	
Other Operating Expenses	$17,294,304	$6,706,842	$10,587,462	157.9%
Subtotal Other	*$17,549,074*	*$6,972,203*	*$10,576,871*	*151.7%*
Total Expenditures	**$21,203,236**	**$9,810,980**	**$11,392,256**	**116.1%**

Expenditure Category	FY25 Actual	FY25 Projected	FY25 Actual vs. FY25 Projected	%age
Regular Employee Payroll	$2,770,506	$2,532,158	$238,348	9.4%
Lecturer Payroll	$0	$0	$0	
Student Help Payroll	$14,189	$1,905	$12,284	644.8%
Other Personnel	$54,082	$65,364	($11,282)	-17.3%
Subtotal Personnel	*$2,838,777*	*$2,599,427*	*$239,350*	9.2%
Utilities	$265,361	$312,376	($47,015)	-15.1%
Scholarships, Tuition	$0	$0	$0	
Other Operating Expenses	$6,706,842	$13,095,647	($6,388,805)	-48.8%
Subtotal Other	*$6,972,203*	*$13,408,023*	*($6,435,820)*	*-48.0%*
Total Expenditures	**$9,810,980**	**$16,007,450**	**($6,196,470)**	**-38.7%**

The FY26 projected budget presents a compelling financial strategy, with total expenditures increasing by $11.4 million to last year's actuals. This increase represents significant strategic investment in personnel and operating expenses, underscoring our unwavering commitment to implementing programs and supporting initiatives within the UH strategic framework

Net Operating Income

Net Operating Income (including one-time expenditures) (TFSF)	FY26 Projected
Net Operating Income	$6,430,852
Beginning Balance	$46,517,167
Ending Balance	$52,948,019
Other Reserves	$3,000,000
Balance Above Minimum Reserve After Adjustments	**$49,948,019**

According to the Net Operating Income (NOI) table for the TFSF, we anticipate a positive NOI of $6.43 million for the UH System. While this growth is lower than in previous fiscal years, it reflects intentional strategic spending focused on initiatives tied to the UH‘s strategic imperatives. Importantly, our projected ending balance remains significantly above the minimum required level, demonstrating our diligent financial oversight. These reserves are strategically maintained to fund System-wide investments and to mitigate any short-term fluctuations in federal or state funding. However, it is crucial to recognize that future growth in interest income may not be assured, as changes in federal interest rates or campus reserve utilization can affect the availability t of cash for interest earnings.

STRATEGIC INVESTMENT AND RISK DIFFUSION FUND SYSTEM RESERVES

On July 1, 2025, the UH centralized its operating reserves through the implementation of the SIRD Fund. This fund not only acts as an essential safeguard against financial instability but also promotes system-wide initiatives. Designed in compliance with state law and RP 8.203’ and EP 8.210, the SIRD will be composed of balances from the TFSF. It adheres to established budget procedures, which require proposals from the Administration and approval by the BOR.

Recognizing potential federal grant cuts and economic downturns in the Hawai‘i economy, the UH is committed to maintaining robust operating reserves. The centralized SIRD Fund serves as a vital buffer against financial instability, allowing the UH to uphold its core mission and continue investing in key strategic initiatives, such as data-driven student success programs and critical research infrastructure.

In summary, the FY26 budget demonstrates the UH System Administration's proactive approach to financial management in the face of external challenges. With a positive net operating income and strong reserve balances, we are positioned to solidify the long-term financial health and resilience of the UH System. This fiscal prudence ensures UH remains a vital engine for Hawai'i's future.