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# Multi-Year Financial Forecasts

September 7, 2023

Committee on Institutional Success



# Overview

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- UH fund balances are sizeable due to pandemic-era austerity measures (e.g., hiring freeze, expenditure constraints, etc.), substantial federal relief and stronger than expected State revenues.
- Strong balances provide investment opportunities for Strategic Imperatives and future initiatives as well as unanticipated requirements, e.g., impacts of Maui wildfires.
- Forward forecast projects fiscal deficits of approximately \$20 million per year based on forecasted revenue and anticipated planned expenses. Fund balances are sufficient for this planning period.
- Cost inflation in large fixed expense areas are significant (e.g., personnel costs, utilities, consumer goods, etc.).
- Iterative refinement will take place over course of the six-year plan as forecasts improve and assumptions evolve.



# Assumptions (Conservative)

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- University of Hawai'i General Funds remain flat (other than CB) below pre-pandemic levels. Thus far the legislature has restored General Funds appropriations to pre-pandemic levels for FY24 only.
- No additional tuition rate changes assumed during the 6-year duration. TFSF Revenues are projected to remain relatively flat through the duration of the forecast period.
- RTRF Revenues remain flat throughout this forecast.
- Existing contracted increases for collective bargaining are included (5% in FY24 and 5% in FY25).
- Significant short-term increase in Utilities costs.
- Investments in Strategic Imperatives will be prioritized through non-recurring investments and continual re-prioritization.



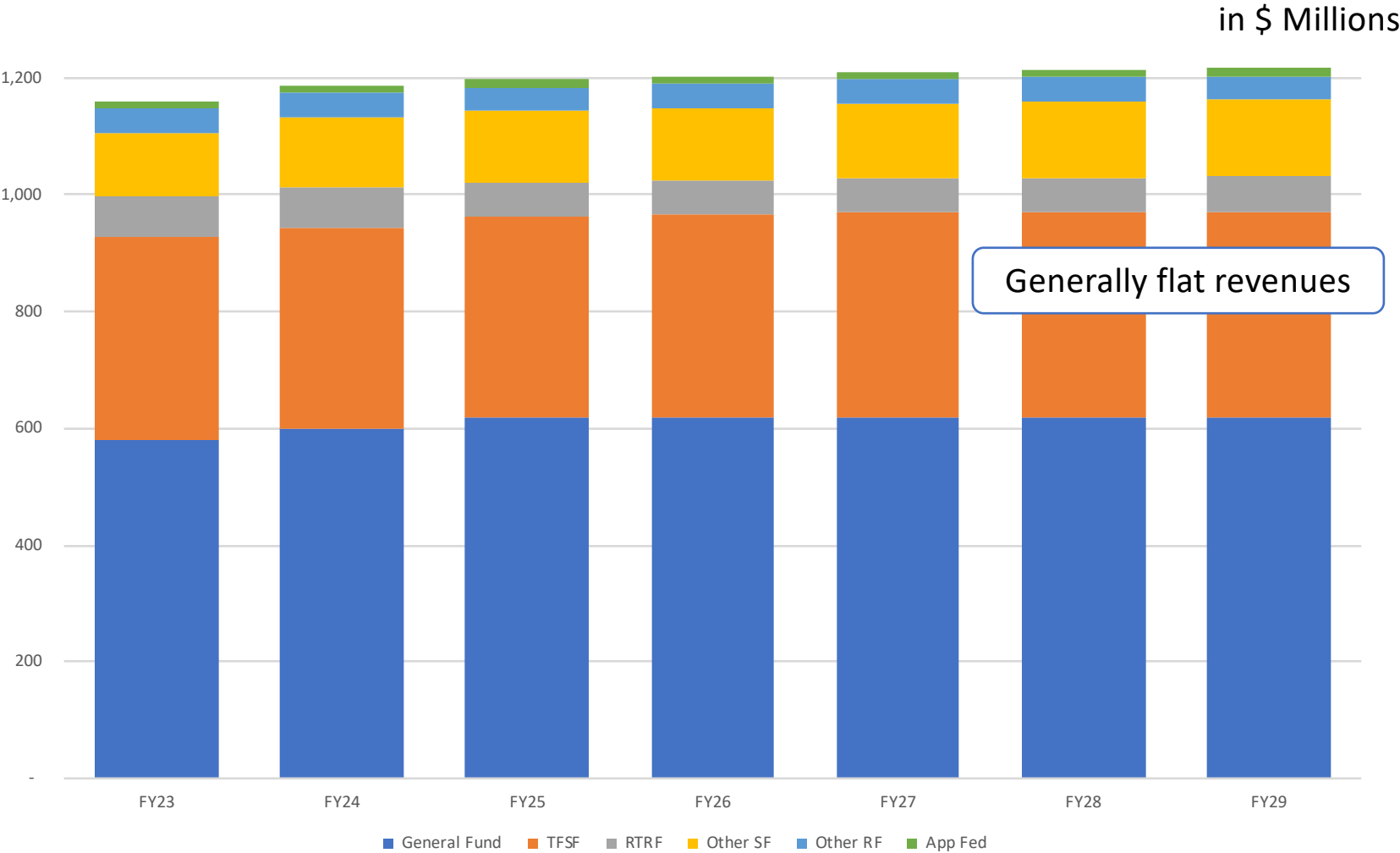
# 6-Year Rolling Financial Forecast

## FY2023 through FY2029 University of Hawai'i – All Campuses

	Actual 2022-2023	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026	Projected 2026-2027	Projected 2027-2028	Projected 2028-2029
Beginning Balance	528.6	707.7	650.4	594.0	542.6	514.6	483.5
<b>REVENUES</b>							
General Fund Appropriation	580.6	598.8	619.5	619.5	619.5	619.5	619.5
Tuition and Fees	345.8	343.1	343.2	345.6	350.0	349.9	351.4
Research & Training RF	72.9	69.3	58.5	58.8	59.3	59.6	60.0
Other Special Funds	106.1	123.4	121.5	125.1	128.5	130.7	131.4
Other Revolving Funds	42.1	40.7	40.9	41.1	41.3	41.5	41.7
Appropriated Federal	12.8	12.3	13.1	13.1	13.2	13.2	13.2
Transfers-In	1,038.5	486.3	414.7	420.4	414.8	421.8	423.6
<b>Total Revenues</b>	<b>2,198.7</b>	<b>1,673.8</b>	<b>1,611.3</b>	<b>1,623.7</b>	<b>1,626.6</b>	<b>1,636.2</b>	<b>1,641.0</b>
<b>EXPENDITURES</b>							
Regular Employee	596.4	681.2	737.9	739.0	739.5	740.2	741.2
Lecturer Payroll	40.0	43.8	48.4	48.5	48.3	48.1	47.9
Student Help Payroll	15.6	19.5	19.7	20.4	20.7	21.3	21.7
Other Personnel	8.8	11.2	10.9	10.8	10.6	10.4	10.2
<i>Subtotal Personnel</i>	660.7	755.8	816.9	818.7	819.2	820.0	821.0
Utilities	50.7	86.3	87.6	89.2	89.7	90.7	92.5
Scholarships, Stipends	62.2	66.6	62.9	64.3	65.5	66.0	66.4
Operating Maintenance	19.9	36.4	43.5	41.2	32.3	31.3	34.1
Other Non-Personnel	214.3	293.8	223.9	219.4	209.1	212.5	211.9
Debt Service	12.4	27.7	27.7	27.7	27.9	28.8	28.8
Transfers-out	999.6	464.4	405.4	414.6	411.0	418.0	424.2
<b>Total Expenditures</b>	<b>2,019.7</b>	<b>1,731.1</b>	<b>1,667.8</b>	<b>1,675.0</b>	<b>1,654.7</b>	<b>1,667.4</b>	<b>1,678.9</b>
<b>Net Operations (Incl. Non-Recur)</b>	<b>179.1</b>	<b>(57.2)</b>	<b>(56.5)</b>	<b>(51.3)</b>	<b>(28.0)</b>	<b>(31.1)</b>	<b>(38.0)</b>
<b>NOTE:</b>							
<u>Non-Recurring Investments</u>							
Planned Non-Recurring Exp (Included w/in Total Expenditures)	0.2	106.9	32.9	28.0	12.8	15.7	14.3
<b>Operations Result w/o Non-Recurring Investments</b>	<b>179.3</b>	<b>49.6</b>	<b>(23.5)</b>	<b>(23.3)</b>	<b>(15.2)</b>	<b>(15.4)</b>	<b>(23.7)</b>
Ending Balance	707.7	650.4	594.0	542.6	514.6	483.5	445.5
Reserve % of Expenditures	35%	38%	36%	32%	31%	29%	27%



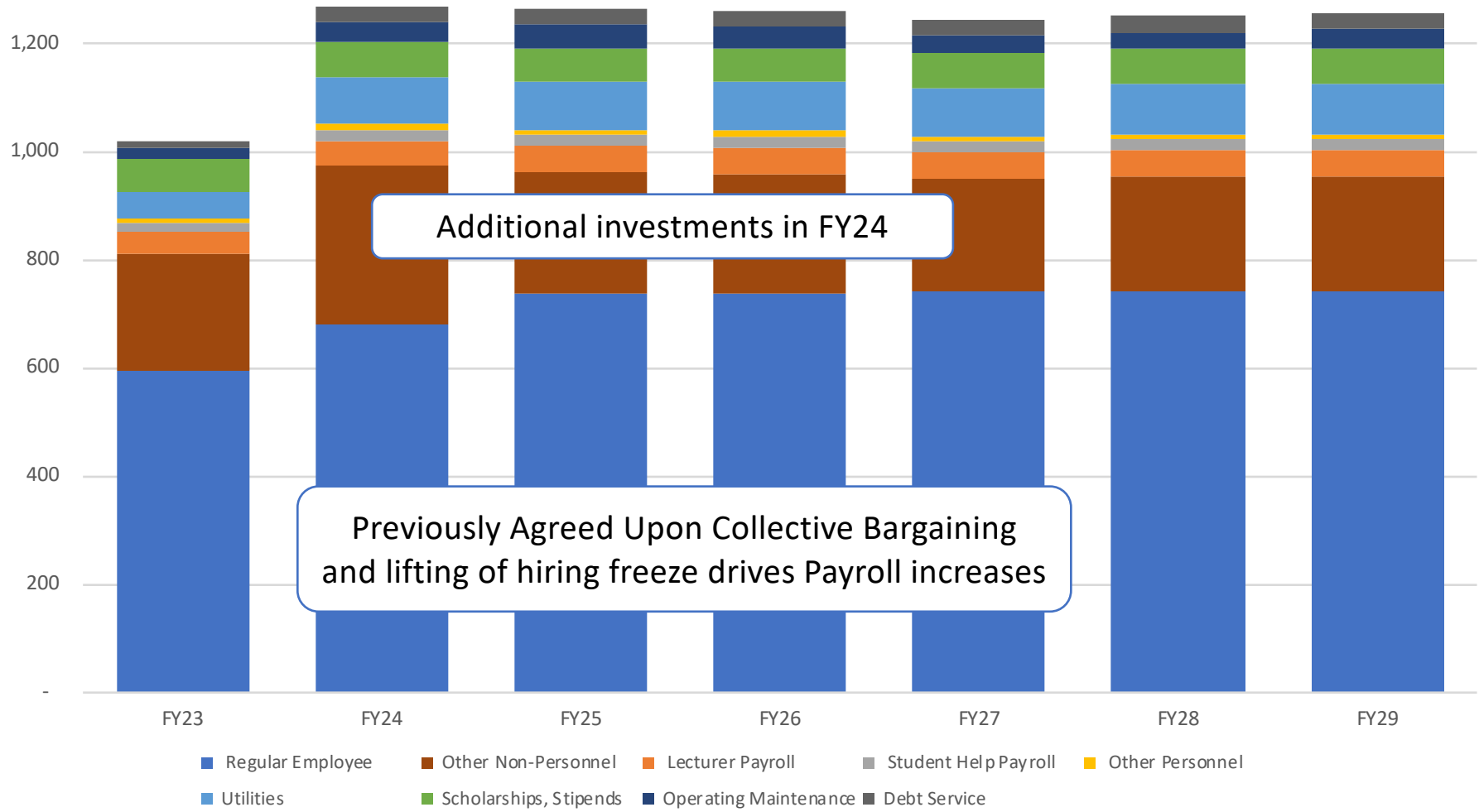
# Revenue Projections (FY23-29)





# Expenditure Projections (FY23-29)

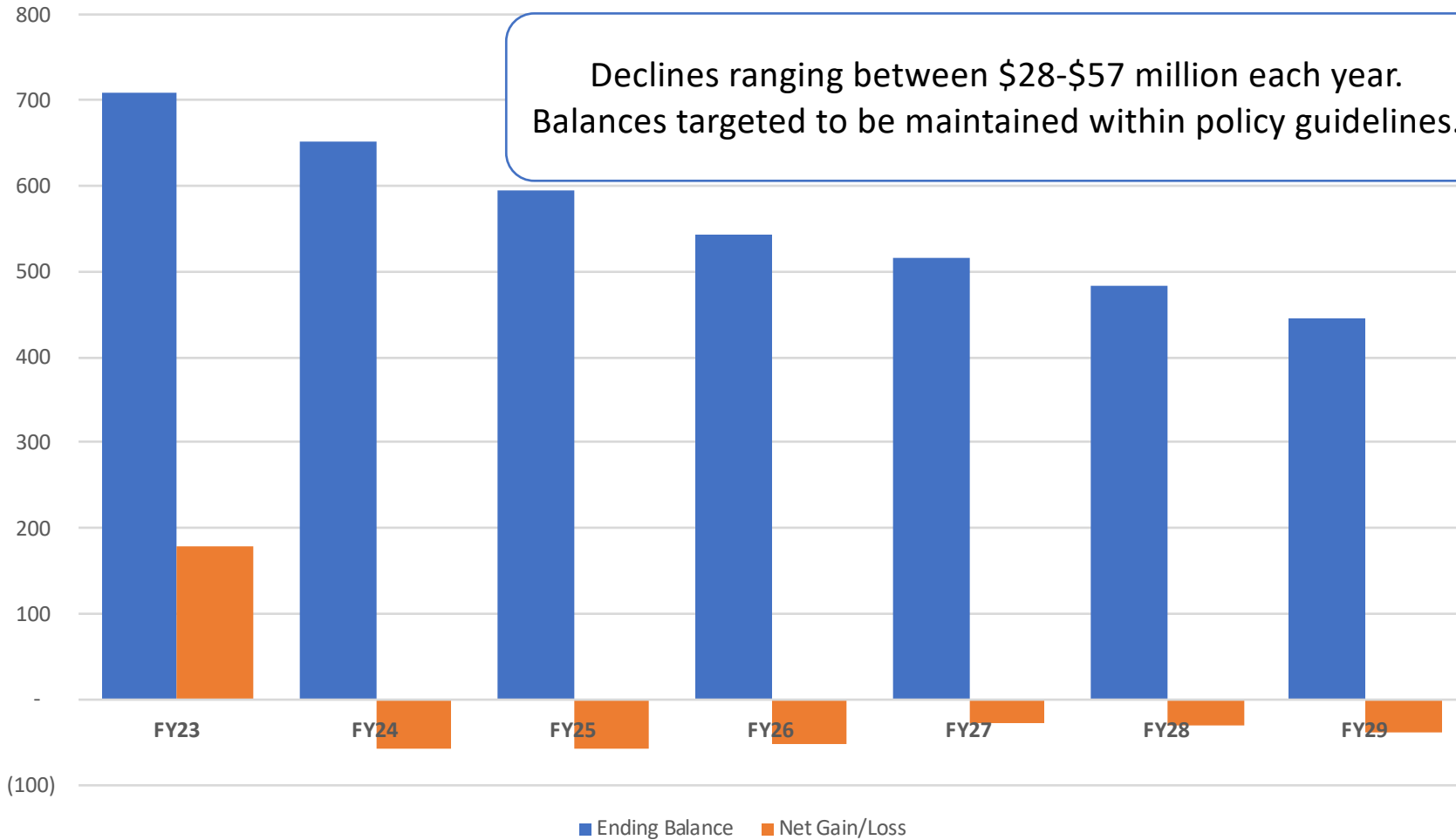
in \$ Millions





# Forecasted Fund Balances Net Operating Gain/Loss (FY23-29)

in \$ Millions





# Conclusion

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- Efforts to proactively build fund balances in the face of widespread concerns from BOR and Legislature have been extraordinarily successful, even through pandemic.
- If assumptions hold, reserve balances can now be used to accommodate projected fiscal shortfalls and strategic non-permanent investments over next several years.
- This 6-year forecast covers a long horizon. The University must anticipate changes and accommodate future revisions during the period.
- Base assumptions and environmental changes will necessitate constant revision.
  - General Fund appropriations
  - Expenditure conditions, inflation
  - Enrollment and tuition revenue levels
  - Other unforeseen circumstances