Fiscal Year 2020-2021 Financial Update

Board of Regents
Committee on Budget & Finance
October 1, 2020
Overview

• Fiscal Year 2020-2021 (FY21) began July 1, 2020, concludes June 30, 2021.
• B&F Committee deferred FY21 expenditure plan approval, September 3.
• Refined expenditure plan dependent upon many continuing uncertainties
  • Acceptable level of use of reserves in FY21 in light of degrading situation for FY22-24
  • Actual general fund release and possible additional FY21 restrictions due to lack of state revenue
  • Above-average uncertainty of tuition revenue
  • Possible furloughs of state employees
• FY21 Expenditure Plan still pending firming up assumptions around some of these dependencies
Expenditure Plan Update

Expenditure Plan not ready for resubmittal

General Funds – Release & Restrictions
- General Funds release quarterly, Q1 & Q2
- Appropriation by quarter, less 10% on “discretionary”
- $257.6 million communicated for release, -$6.0 million restricted thus far

Tuition & Enrollment Revenues
- Headcount enrollment down -0.8%, systemwide
- Substantial increase in tuition billed but not paid
- Actual tuition revenue received down
Expenditure Plan Update

Expenditure Plan not ready for resubmittal

Collective Bargaining (CB)

• No funding released for collective bargaining FY20 retro or FY21+ increases, yet.
• CB increases set
  • November payroll – bonuses (units 2, 3, 4, 8, 9): $4.2 million
  • December payroll – FY21 augmentation: $15.6 million

Pay Cuts for EM’s

• -9.23% up to $200,000, -11% amounts above $200,000
• President salary reduced by -20%
• FY21 reduction
  • Starting November 1st
  • Salary reduction savings, approximately -$2.2 million
  • -$3.4 million, annually

Furloughs?
Conclusion

• Many key fundamentals still uncertain
• Improvements (increase) to general fund allocations from previous assumption would reduce need to use reserves
• Enrollment increases have potential, but have not yet resulted in actual tuition revenue increases that would also reduce need to use reserves
• New allocation of State CARES funds (CRF) has potential to enable improvement in UH capital preservation
• Based on State financial plan, general fund revenue shortfall expected to grow substantially from FY21 to FY22, and continue into FY23 and FY24.
• Goal will be to forestall use of reserves in FY21 to preserve them for the gloomier FY22-24 that lie ahead