



Fiscal Year 2020-2021 Operating Budget

August 2020

Introduction

In accordance with University of Hawai'i (UH) Board of Regents Policy 8.204, the UH Administration hereby submits its projected fiscal year 2020-21 (FY21) operating budget. Given the unprecedented effects of the coronavirus pandemic on University operations and finances, UH Administration has prepared this spending plan earlier than in previous years. The FY21 Budget reflects a forecast of anticipated major revenue components of the University organized by campus, including tuition and fees, legislative general fund appropriation, and other special or revolving funds. The budget is also organized to forecast major operational expenditures of salaries, utilities, institutional aid, and other operating expenditures.

The FY21 Budget has been constructed by unit management in adherence to guidelines and parameters directed by the Chief Financial Officer.

Table of Contents

OVERVIEW	4
University of Hawai'i at Mānoa	13
University of Hawai'i at Hilo	23
University of Hawai'i West O'ahu	31
Community Colleges	32
Systemwide Administration	44

OVERVIEW

In aggregate across the entire UH system, the FY21 Budget operating budget is forecasted to include \$914,956,964 in revenues against \$981,824,717 in expenditures and transfers. As a result, a net fiscal operating deficit of \$66,867,753 across all fund types for FY21 is projected across the UH system of campuses. The target level for reserves based on policies is estimated at \$48.5 million.

As a result of the ongoing COVID-19 pandemic and the economic downturn, FY21 revenues across all fund types are projected to decline by \$138.3 million, or 13.1%, as compared to actual FY20 collections. While budget execution policies have not been issued by the Governor and State Department of Budget and Finance (B&F), this spending plan assumes a 16% restriction on the current General Fund appropriation to UH. As compared to actual FY20 General Fund allocations received by the University, this represents a \$64.4 million decline, nearly half of UH's entire drop in revenues.

Additionally, revenues for the Tuition and Fees Special Fund (TFSF) are projected to decline by \$26.2 million, or 7.9% of actual FY20 collections. Other Special Funds and Other Revolving Funds are also seeing declines of 30.2% and 33.9%, respectively.

FY21 operating expenditures, transfers, and one-time expenditures are projected to decrease by \$47.6 million, or 4.7%, as compared to FY20 actual expenditures. The largest decline is from General Fund expenditures, as there is no "carry-over" balance to allow expenditures to exceed the significantly decreased revenues. Despite cost-cutting measures at all campuses, those General Fund expenditures that could not be readily reduced were shifted to TFSF, resulting in a \$29.3 million increase.

Despite declining expenditures, a net operating loss of \$66.9 million across all fund types is projected for FY21. Of that \$66.9 million amount, \$10.0 million is attributable to one-time expenditures. TFSF is projected to have a \$28.7 million loss (of which \$5.0 million is one-time) and Other Special Funds will have a \$37.3 million loss (of which \$3.1 million is one-time). Despite these losses, fund balances are still above or near target levels (16% of expenditures) pursuant to Board Policy (BP) 8.203. However, these losses are not sustainable for the expected duration of the economic downturn.

BUDGET HIGHLIGHTS BY CAMPUS

All campuses will see significant reductions in General Fund appropriations, which will necessitate shifting costs to TFSF despite the decline in TFSF revenues, increasing the demand on TFSF reserve balances. In addition, there are some challenges that are unique to each campus and are presented below:

Mānoa

Campus auxiliary operations such as bookstore, parking, athletics, student activities, and student and faculty housing will be negatively affected due to the anticipation of fewer people on campus (students, employees, and visitors), and the revenues from customer facing operations are expected to decline. The largest decreases are projected to occur in Athletics and Student Housing.

Hilo

Other Special Fund revenue is projected to decrease by 6.6% and Revolving Fund revenue is projected to decrease by 16.9% when compared with actual FY20 revenue. These declines are due to a projected decrease in hall capacity and the decline in the number of students being physically on campus and overall decrease in enrollment, resulting in fewer customers being served.

West O'ahu (UHWO)

By aggressively recruiting during the summer, UHWO was able to mitigate enrollment decline. Even with cost cutting measures, UHWO is showing a \$1.75 million operating deficit. However, that is still in excess of their 5% minimum requirement of \$1.7 million.

Community Colleges

Although enrollment is currently declining, it is expected that as the economic downturn continues, unemployed adults will retrain to meet the needs of the new economy and that enrollment and TFSF revenue will rebound in the near future. Additionally, Other Special Fund revenue projections show a decrease of \$7.3 million, or 43.1%, primarily as a result of the challenge of providing short-term workforce training and community enrichment programs that are traditionally hands-on and provided face-to face as well as the dramatic decrease in services provided to students and the community at-large, like food service and facilities use programs.

Systemwide Administration (System)

System's TFSF revenue does not come from student tuition but rather from various fees and interest income and is considerably smaller than campus TFSF revenue. Additionally, \$7.3 million (15.4%) of System's General Fund appropriations are either transferred to or spent on behalf of the campuses.

STRATEGIC DIRECTIONS

The Strategic Directions for 2015-2021 are incorporated throughout the budget through ongoing programs, one-time investments using fund reserves, and performance funding:

Hawai'i Graduation Initiative (HGI)

The goal of HGI is to increase the educational capital of the State by increasing the participation and completion of students, particularly Native Hawaiians, low-income students, and those from underserved regions and populations and preparing them for success in the workforce and their communities.

Hawai'i Innovation Initiative (HI2)

The goal of the Hawai'i Innovation Initiative is to create more high-quality jobs and diversify Hawai'i's economy by leading the development of a \$1 billion innovation, research, education, and training enterprise that addresses the challenges and opportunities faced by Hawai'i and the world.

21st Century Facilities (21CF)

UH students, faculty, and staff need and deserve up-to-date facilities that support modern teaching, learning, innovation, and scholarship. Facilities and campus environments must be safe, sustainable, and support 21st century higher education expectations and practices.

Mission Focused System (MFS)

The goal of the Mission Focused System is to realize the University's commitments to becoming a foremost indigenous-service university and advancing sustainability, both of which are significant parts of our mission.

High Performing System (HPS)

Through cost-effective, transparent, and accountable practices, the University seeks to ensure financial viability and sustainability to ensure UH's ability to provide a diverse student body throughout Hawai'i with affordable access to a superb higher education experience in support of the institutional mission of the University.

SYSTEMWIDE REVENUES

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$443,278,082	\$507,642,005	(\$64,363,923)	-12.7%
Tuition & Fees	\$305,195,411	\$331,369,372	(\$26,173,961)	-7.9%
RTRF	\$52,117,248	\$51,935,969	\$181,279	0.3%
Other Special Funds	\$84,433,462	\$120,909,630	(\$36,476,168)	-30.2%
Other Revolving Funds	\$21,063,078	\$31,851,742	(\$10,788,664)	-33.9%
Appropriated Federal Funds	\$8,869,683	\$9,588,626	(\$718,943)	-7.5%
Total Revenues	\$914,956,964	\$1,053,297,344	(\$138,340,380)	-13.1%

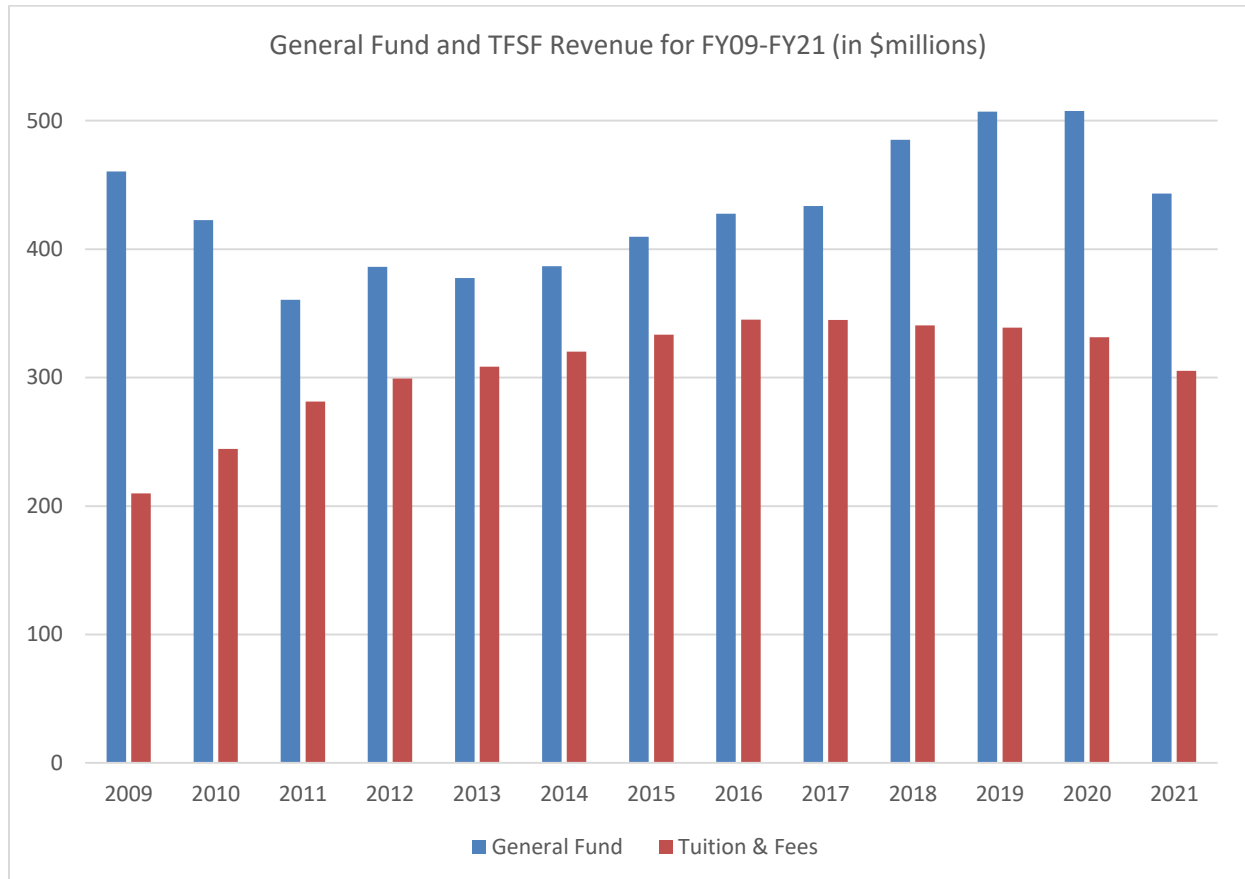
Type of Fund	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$507,642,005	\$511,792,777	(\$4,150,772)	-0.8%
Tuition & Fees	\$331,369,372	\$333,619,992	(\$2,250,620)	-0.7%
RTRF	\$51,935,969	\$52,091,267	(\$155,298)	-0.3%
Other Special Funds	\$120,909,630	\$127,126,152	(\$6,216,522)	-4.9%
Other Revolving Funds	\$31,851,742	\$33,737,349	(\$1,885,607)	-5.6%
Appropriated Federal Funds	\$9,588,626	\$9,093,952	\$494,674	5.4%
Total Revenues	\$1,053,297,344	\$1,067,461,489	(\$14,164,145)	-1.3%

Compared to FY20 actual revenues, FY21 revenues are projected to decline by \$138.3 million, or 13.1%. General Fund appropriations show the largest decline in terms of dollars with a \$64.4 million decrease, although Other Special and Other Revolving Funds have larger percentage declines.

TFSF revenues are projected to decline by \$26.2 million, or 7.9%, as compared to FY20 actual collections. The Research and Training Revolving Fund (RTRF) is the only fund showing an increase in revenues, although it is a very modest 0.3%.

Historic Revenues for General Fund and Tuition

The following chart shows historic revenues for FY09 through FY20 and projected revenues for FY21 for General Fund and TFSF. The range was selected to show the previous “high” prior to the Great Recession approximately ten years ago:



The chart illustrates how FY21 General Fund appropriations are expected to be below FY09 levels, which was the peak prior to the Great Recession. Although TFSF revenue is higher than FY09, the increase in TFSF revenue in fiscal years 2009-2015 was driven by tuition rate increases as well as enrollment increases. There are no tuition rate increases in the current Board-approved schedule.

SYSTEMWIDE EXPENDITURES

Expenditures	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$439,275,468	\$507,573,095	(\$68,297,627)	-13.5%
Tuition & Fees	\$269,607,143	\$240,341,858	\$29,265,285	12.2%
RTRF	\$49,296,421	\$50,692,293	(\$1,395,872)	-2.8%
Other Special Funds	\$169,155,643	\$166,321,236	\$2,834,407	1.7%
Other Revolving Funds	\$21,893,745	\$31,307,686	(\$9,413,941)	-30.1%
Appropriated Federal Funds	\$8,869,683	\$9,452,213	(\$582,530)	-6.2%
Total Expenditures	\$958,098,103	\$1,005,688,381	(\$47,590,278)	-4.7%

Expenditures	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$507,573,095	\$508,792,777	(\$1,219,682)	-0.2%
Tuition & Fees	\$240,341,858	\$281,732,359	(\$41,390,501)	-17.2%
RTRF	\$50,692,293	\$50,396,965	\$295,328	0.6%
Other Special Funds	\$166,321,236	\$203,338,817	(\$37,017,581)	-22.3%
Other Revolving Funds	\$31,307,686	\$38,673,086	(\$7,365,400)	-23.5%
Appropriated Federal Funds	\$9,452,213	\$8,624,485	\$827,728	8.8%
Total Expenditures	\$1,005,688,381	\$1,091,558,489	(\$85,870,108)	-8.5%

FY21 operating expenditures are projected to decrease by \$47.6 million, or 4.7% as compared to actual FY20 expenditures. The largest reduction is for expenditures from the State General Fund, as there is no “carry-over” balance to allow expenditures to exceed the appropriation in any given year.

TFSF expenditures are projected to increase by \$29.3 million, or 12.2%, as compared to actual FY20 expenditures. This is largely a result of having to shifting costs from the General Funds to TFSF.

It is important to note that these reductions do not assume any furloughs or salary decreases at this time. However, any adjustments in this area would have to be coordinated through the State and involve the collective bargaining process. Personnel expenditures are assumed to continue at the rates most recently negotiated through the collective bargaining process.

SYSTEMWIDE NET OPERATING INCOME

Revenues less expenditures produce the Net Operating Income for the University. These amounts include one-time expenditures totaling \$9,962,018 for the entire system.

Net Operating Income	FY21 Projected
General Funds	\$0
Tuition & Fees	(\$28,701,380)
RTRF	(\$2,205)
Other Special Funds	(\$37,276,933)
Other Revolving Funds	(\$887,235)
Appropriated Federal Funds	\$0
Total NOI	(\$66,867,753)

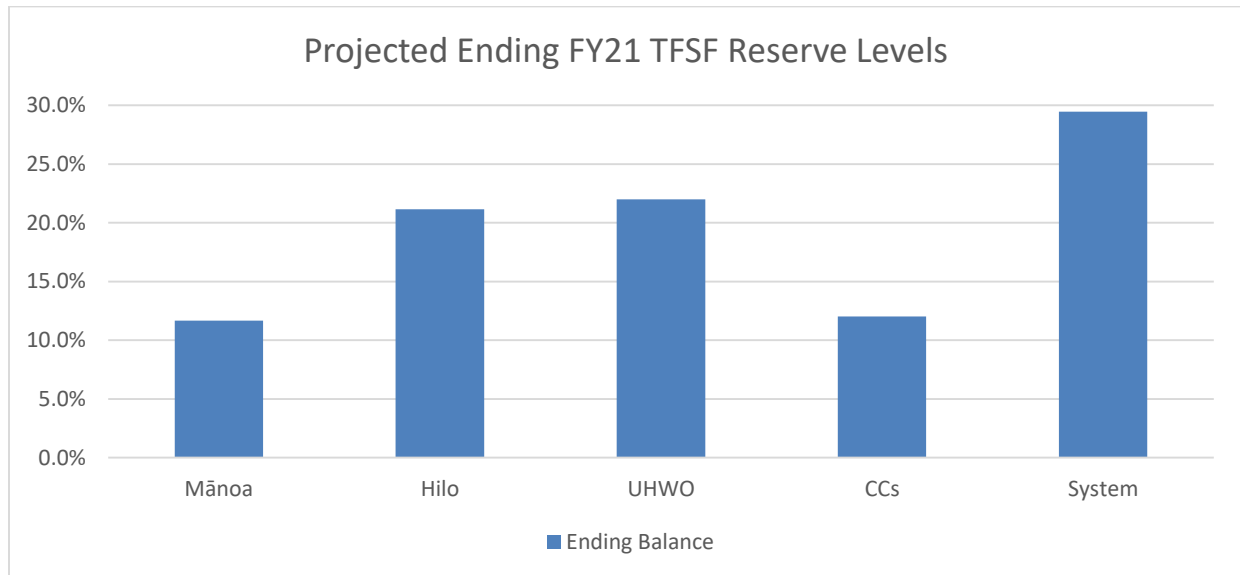
One-time Expenditures	FY21 Projected
Tuition & Fees	\$5,014,635
RTRF	\$314,210
Other Special Funds	\$3,118,507
Other Revolving Funds	\$1,514,666
Total	\$9,962,018

Even with the large operating loss, fund balances across the University are sufficient in the short-term to continue services. However, without serious curtailment of this operating loss, fund balances will run out in a few years.

Net Operating Income (All)	FY20 Projected
Net Operating Income	(\$66,867,753)
Beginning Balance	\$301,433,772
Ending Balance	\$234,566,019
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$ 45,759,944
Revised Ending Balance	\$188,806,075
Reserve Requirement (5% Minimum)	\$48,447,621
Balance Above Minimum Reserve After Adjustments	\$140,358,454

TFSF RESERVE LEVELS

Despite the losses in the current fiscal year, TFSF reserve levels still remain relatively healthy, with all campuses above the 5% “floor” and several above the 16% target. However, it is important to note that these fund balances are the result of cash preservation strategies taken in the latter part of FY20 and that even with these cost reductions that these reserve levels will deplete rapidly if current spending continues for several more years.



Campus	FY21 Ending Balance	Held at System
Mānoa	\$ 51,079,899	\$ -
Hilo	\$ 14,425,338	\$ 3,409,435
UHWO	\$ 7,699,595	\$ 1,750,292
CCs	\$ 26,460,280	\$ 11,006,261
System	\$ 14,351,383	\$ 2,436,177
Total	\$ 114,016,495	\$ 18,602,165

ENROLLMENT

Across all UH campuses, Fall 2020 enrollment appears to be 1.4% below Fall 2019 numbers. The trend is mixed, however with Mānoa and West O‘ahu showing gains while Hilo and the Community Colleges have declines. In prior economic downturns, enrollment would increase as job opportunities became scarce or newly unemployed would seek retraining. Although still early in this economic cycle, this trend bears watching.

Additionally, the mix of students appears to be changing as there are fewer international and non-resident students and more resident students. As a result, even with enrollment increases at certain campuses, that may not translate to increased tuition revenues at those campuses.

Campus	Mānoa	Hilo	West O‘ahu	CCs	Total
% change	2.9%	-6.4%	5.4%	-4.4%	-1.4%

CARES ACT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law by President Donald Trump in March 2020. The University received this funding in three tranches as indicated below:

Campus	Tranche 1	Tranche 2	Tranche 3	Total
UH Mānoa	\$ 5,504,934	\$ 5,504,933	\$ 9,566,804	\$ 20,576,671
UH Hilo	\$ 1,497,363	\$ 1,497,362	\$ 2,691,303	\$ 5,686,028
UH West O'ahu	\$ 697,500	\$ 697,500	\$ 1,238,257	\$ 2,633,257
Community Colleges	\$ 4,310,068	\$ 4,310,064	\$ 7,414,443	\$ 16,034,575
Total	\$ 12,009,865	\$ 12,009,859	\$ 20,910,807	\$ 44,930,531

Tranche 1 funds are for aid awarded and paid directly to students. Tranche 2 can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, such as purchase of equipment or software for distance learning, and training to operate in a remote learning environment. And Tranche 3 can be used to defray institutional expenses, including lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, and payroll.

Tranches 2 and 3 are to be used by campuses to help defray some costs or reimburse lost revenue which ultimately will help fund balances.

CONCLUSION

It is no exaggeration that the University faces its most serious economic situation since Statehood. The estimated 13% decline in revenues cannot be immediately addressed by expenditure reductions in the current fiscal year. UH had been prudently building up its reserves for years and made a concerted effort at the end of FY20 to preserve fund balances. As a result, when taken holistically, UH has sufficient resources to weather the decline in the short term. However, the end of the COVID-19 pandemic and economic downturn are nowhere in sight and the effects are expected to last several years at a minimum. It is therefore imperative that the University take this time to implement the substantive changes needed to restructure its budget to continue to provide valuable and critical services amidst the decreased resources.

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 ranks UH Mānoa as 44th among public universities in federal research expenditures. UH Mānoa has widely recognized strengths in tropical agriculture, tropical medicine, oceanography, astronomy, marine biology, engineering, volcanology, microbiology, linguistics, comparative philosophy, comparative religion, Hawaiian studies, Asian studies, Pacific Islands studies, 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 schools in education, business, travel industry management, nursing, and social work. It also offers doctoral programs in major intellectual disciplines. As a land-, sea-, space- and sun-grant university, 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 102 bachelor’s degrees, 89 master’s degrees, 52 research doctorates, and 5 professional doctorates. Of these, 69 programs are professionally accredited. The campus offers 28 undergraduate certificates, 3 post-baccalaureate certificates, and 40 graduate certificates.

Strategic planning over the past several years provided the campus with a roadmap for budget strategies and priorities over the next five years, all of which has been upended by the COVID-19 pandemic and financial crisis. FY21 is positioned as a year of triage to get through crisis and uncertainty leaving the campus well-positioned for an implementation process beginning in FY22. This process will align the strategic deployment and investment of resources toward the goal of meeting the highest priority needs of the State to ensure economic and social recovery as we build toward a more sustainable and robust future.

BUDGET SUMMARY

Overview

For all funds, UH Mānoa shows projected revenues of \$540.9 million with projected expenditures of \$567.9 million. Discussion of the projected net operating loss follows presentation of the summary tables below. The Tuition and Fees Special Fund is covered in a separate section following the discussion of all funds.

ALL FUNDS

Revenues

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$218,920,958	\$252,633,991	(\$33,713,033)	(13.3%)
Tuition & Fees	\$206,107,415	\$217,655,124	(\$11,547,709)	(5.3%)
RTRF	\$32,513,608	\$33,156,124	(\$642,516)	(1.9%)
Other Special Funds	\$62,478,697	\$90,528,599	(\$28,049,902)	(31.0%)
Other Revolving Funds	\$15,938,528	\$25,463,322	(\$9,524,794)	(37.4%)
Appropriated Federal Funds	\$4,954,277	\$5,776,853	(\$822,576)	(14.2%)
Total Revenues	\$540,913,483	\$625,214,013	(\$84,300,530)	(13.5%)

Type of Fund	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$252,633,991	\$252,615,982	\$18,009	0.0%
Tuition & Fees	\$217,655,124	\$220,228,416	(\$2,573,292)	(1.2%)
RTRF	\$33,156,124	\$31,593,816	\$1,562,308	4.9%
Other Special Funds	\$90,528,599	\$96,322,767	(\$5,794,168)	(1.1%)
Other Revolving Funds	\$25,463,322	\$28,014,441	(\$2,551,119)	(9.1%)
Appropriated Federal Funds	\$5,776,853	\$5,242,760	\$534,093	10.2%
Total Revenues	\$625,214,013	\$634,018,182	(\$8,804,169)	(1.4%)

When comparing the projected FY21 budget against FY20 actuals, revenue is expected to decrease by \$84.3 million. This is a result of a projected decrease in general funds from the State, reduced levels of tuition revenue, and less revenue from special and revolving fund operations.

General funds are currently projected to decline by 13.3% or \$33.7 million, based on a projected restriction of 16% less a partial release of collective bargaining from the prior year. The restriction is expected as a response to unanticipated reductions in State revenues, as a result of the ongoing pandemic and its effects on tourism and overall State revenue.

Tuition and fees are currently projected to decline approximately 5% from the prior year. While resident student numbers are likely to increase, fewer mainland and international students are anticipated due to quarantine restrictions upon entry and difficulty in obtaining visas for international students. Current enrollment trends are increasing at the start of the Fall semester; however, prior year trends have shown that opening day enrollments tend to drop as

students are faced with their final decision to actually pay for their registrations. The period during which students can decide to drop courses without financial penalty extends through September 1st, and the last day for a 50% tuition refund is September 15th.

Other special and revolving operations include campus auxiliary operations such as bookstore, parking, athletics, student activities, and student and faculty housing. Due to the anticipation of fewer people on campus (students, employees, and visitors), revenues from customer facing operations are expected to decline. The largest decreases are projected to occur in Athletics and Student Housing. Revenues for student activities are expected to decline in line with a potentially smaller student base. Lower revenues are also expected for associated functions such as division food services because of reduced traffic to food offerings. In addition, a change in the contract for food service causes other revolving revenues to appear significantly lower. In the past food services collected revenue and recorded related operating expenditures. Under the new contract, they are moving to a proceeds basis which will cause the revenues (and concomitantly the expenditures) to seemingly decline.

Expenditures by Fund Type

Expenditures	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$218,920,958	\$252,579,965	(\$33,659,006)	-13.3%
Tuition & Fees	\$167,396,559	\$156,202,324	\$11,194,235	7.2%
RTRF	\$26,352,727	\$29,513,981	(\$3,161,254)	-10.7%
Other Special Funds	\$134,637,834	\$125,660,219	\$8,977,615	7.1%
Other Revolving Funds	\$15,649,752	\$25,661,645	(\$10,011,893)	-39.0%
Appropriated Federal Funds	\$4,954,277	\$5,633,645	(\$679,368)	-12.1%
Total Expenditures	\$567,912,107	\$595,251,779	(\$27,339,672)	-4.6%

Expenditures	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$252,579,965	\$253,207,306	(\$627,341)	-0.2%
Tuition & Fees	\$156,202,324	\$173,361,289	(\$17,158,965)	-9.9%
RTRF	\$29,513,981	\$28,157,343	\$1,356,638	4.8%
Other Special Funds	\$125,660,219	\$158,904,785	(\$33,244,566)	-20.9%
Other Revolving Funds	\$25,661,645	\$31,841,092	(\$6,179,447)	-19.4%
Appropriated Federal Funds	\$5,633,645	\$4,773,293	\$860,352	18.0%
Total Expenditures	\$595,251,779	\$650,245,108	(\$54,993,329)	-8.5%

In comparison to FY20 actual expenditures, FY21 expenditures are projected to decrease by about 4.6%. While this appears to be a flat expenditure plan, in actuality there are adjustments to the spend plan in comparison to the prior year.

For General Funds, expenditures will decrease in accordance with the decrease in general fund revenue. The shortfall in General Funds will necessitate increased TFSF support for permanent personnel. Built into the General Fund and TFSF personnel expenditure projections in this plan are the assumptions that: (1) current salaries will be augmented by negotiated

collective bargaining increases; and (2) will not be reduced via State-negotiated furloughs or other salary reductions. Neither of these assumptions are known to be valid at this time.

TFSF expenditures on personnel will increase due to the movement of permanent personnel previously funded by General Funds, as well as to cover projected collective bargaining increases that may not be fully funded (if at all) by the State. These personnel expenditure increases are offset in part by cost saving measures including the following:

- A strict freeze on all hiring across the Mānoa campus. This freeze will produce a savings to the campus of approximately \$9.8 million over all sources of funds. The freeze is producing significant disruption to many units, as it includes several senior executive positions (two deans, four major ORU directors, and at least one chaired professor) as well as numerous faculty and staff hires. The units have performed admirably in adjusting to the freeze, with our faculty and staff stepping up to fill gaps in our capacity in many management, instruction, and service activities.
- A 42% reduction in our budget for lecturers. This has been accomplished through a change in focus of our teaching load assignments so that we can ensure that early year courses and courses required for graduation are given the highest priority. Again, the Deans, Chairs, and faculty have stepped up to contribute to our success in this effort. This has produced a savings to the Mānoa campus of approximately \$4.5 million primarily in tuition fund savings.
- A freeze on travel, equipment purchases, other purchases over \$25,000, as well as other operating costs. All such expenditures must be approved by the President, after scrutiny by the Provost and the VCAFO. We are estimating that over the course of the FY21 fiscal year, the combination of the freeze plus identification of additional operating cost reductions will produce a savings to the Mānoa campus of approximately \$20 million across all fund sources.
- CARES Act Funding:
 - Tranche 1 \$5.5M, Student Aid: Approximately 50% of the CARES student aid funds were awarded and paid to students in Spring 2020. The remainder of the funds will be paid to students in Fall 2020.
 - Tranche 2 \$5.5M, Institutional Portion: Funds are being used to cover technology and development costs associated with on-line learning, COVID-19 related medical expenses including additional staffing for University Health Services and for mental health services, and general health and safety supplies necessary in the COVID-19 environment.
 - Tranche 3 \$9.6M, Minority Serving Institutions: Funds are being used to cover expenses similar to those listed above, and to offset costs associated with housing refunds and the refund of certain fees (currently estimated at \$3.2M).
- UHM leadership is continuing to work with the campus units to identify additional opportunities for cost savings during FY21.

Other Special Fund expenditures are expected to increase due to one-time repair and replacement costs. Some of these costs are spilled over from FY20 which were delayed due to the onset of the pandemic. Units are hopeful that these repair and replacement (R&R) costs can be executed during FY21. These represent planned expenditures from reserves for which the units have saved over a multi-year period via contributions to a repair and replacement reserve.

Other revolving expenditures are expected to decrease primarily due to the change in how division food services will receive revenues. In the past they collected revenue and recorded related operating expenditures. Under the new contract, they are moving to a proceeds basis which will cause the expenditures to seemingly decline.

Expenditures by Category

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$371,620,886	\$375,611,577	(\$3,990,691)	-1.1%
Lecturer Payroll	\$6,285,511	\$10,743,514	(\$4,458,003)	-41.5%
Student Help Payroll	\$9,245,759	\$10,513,169	(\$1,267,409)	-12.1%
Other Personnel	\$3,079,156	\$3,119,070	(\$39,913)	-1.3%
<i>Subtotal Personnel</i>	<i>\$390,231,313</i>	<i>\$399,987,330</i>	<i>(\$9,756,017)</i>	<i>-2.4%</i>
Utilities	\$46,630,768	\$46,088,050	\$542,718	1.2%
Scholarships, Tuition	\$41,608,377	\$39,712,728	\$1,895,649	4.8%
Other Operating Expenses	\$89,441,649	\$109,463,671	(\$20,022,022)	-18.3%
<i>Subtotal Other</i>	<i>\$177,680,794</i>	<i>\$195,264,449</i>	<i>(\$17,583,655)</i>	<i>-9.0%</i>
Total Expenditures	\$567,912,107	\$595,251,779	(\$27,339,672)	-4.6%

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$375,611,577	\$384,401,964	(\$8,790,387)	-2.3%
Lecturer Payroll	\$10,743,514	\$10,228,016	\$515,498	5.0%
Student Help Payroll	\$10,513,169	\$11,946,299	(\$1,433,130)	-12.0%
Other Personnel	\$3,119,070	\$5,654,828	(\$2,535,758)	-44.8%
<i>Subtotal Personnel</i>	<i>\$399,987,330</i>	<i>\$412,231,107</i>	<i>(\$12,243,777)</i>	<i>-3.0%</i>
Utilities	\$46,088,050	\$51,166,908	(\$5,078,858)	-9.9%
Scholarships, Tuition	\$39,712,728	\$41,847,062	(\$2,134,334)	-5.1%
Other Operating Expenses	\$109,463,671	\$145,000,031	(\$35,536,360)	-24.5%
<i>Subtotal Other</i>	<i>\$195,264,449</i>	<i>\$238,014,001</i>	<i>(\$42,749,552)</i>	<i>-18.0%</i>
Total Expenditures	\$595,251,779	\$650,245,108	(\$54,993,329)	-8.5%

Net Operating Gain (Loss)

Net Operating Income	FY21 Projected	FY20 Actual	FY20 Proj. vs. FY20 Actual	%age
General Funds	\$0	\$54,026	(\$54,026)	-100.0%
Tuition & Fees	(\$13,269,066)	\$20,393,628	(\$33,662,694)	-165.1%
RTRF	\$3,060,749	\$1,777,187	\$1,283,562	72.2%
Other Special Funds	(\$36,842,611)	\$1,289,933	(\$38,132,544)	-2956.2%
Other Revolving Funds	(\$42,394)	(\$210,010)	\$167,616	-79.8%
Appropriated Federal Funds	\$0	\$143,208	(\$143,208)	-100.0%
Total NOI	(\$47,093,322)	\$23,447,972	(\$70,541,294)	-300.8%

Net Operating Income	FY20 Actual (est.)	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$54,026	\$0	\$54,026	n/a
Tuition & Fees	\$20,393,628	(\$1,876,220)	\$22,269,848	-1187.0%
RTRF	\$1,777,187	\$3,795,118	(\$2,017,931)	-53.2%
Other Special Funds	\$1,289,933	(\$23,965,185)	\$25,255,118	-105.4%
Other Revolving Funds	(\$210,010)	(\$4,190,651)	\$3,980,641	-95.0%
Appropriated Federal Funds	\$143,208	\$469,467	(\$326,259)	-69.5%
Total NOI	\$23,447,972	(\$25,767,471)	\$49,215,443	-191.0%

Net Operating is the difference between Revenue and the combined amount of Expenditures and Net Transfers (out).

The decrease in TFSF net operating is primarily caused because of the moving of permanent employees due to the reduction of the projected general fund appropriation. The addition declining revenues, and projected collective bargaining increases without known levels of funding, results in a negative net operating income balance.

RTRF net operating income appears to increase due to units conservatively projecting costs for the upcoming year. With hiring controls and restrictions on purchasing in place, projected expenditures are expected to be flat while the revenue may increase due to higher levels of spending in the prior year.

Other Special Funds are projected to have declining net operating income from the prior year. In general, the amount of revenue on special funds are expected to be less than the prior year since these operations deal with the general public as well as the university community. At the same time, the level of expenditure is expected to be about the same. Reserves will need to be used to provided continued levels of service. There are healthy reserves available for this fiscal year to accommodate these impacts across all Other Special Funds but continued revenue shortfalls will not be sustainable for the long term. COVID-related challenges to specific Other Special Funds are discussed below.

The Athletics Special Fund is currently projecting a \$9.3 million loss in FY21. This projection is based on a set of assumptions including many that are unknown. At this time we know of the postponement of all Fall sports with no certainty as to whether postponement will become cancellation. Winter and spring sports are assumed to begin competing in January 2021, with the exception of basketball which is anticipated to begin competition in November 2020. Based on these assumptions, revenue reductions are expected in the areas of ticket sales, premium seat contributions, concessions, and corporate partnership revenues. Expenditure reductions associated with cancelled Fall competition include game travel (team travel and guarantees/travel subsidies) and game day expenses such as officials. These projections were prepared before the football season was postponed (which may also result in cancellation). Athletics continues to identify areas of potential cost savings to mitigate additional anticipated losses. UH Mānoa athletics has been severely challenged financially for over a decade and this pandemic has exacerbated what was becoming unsustainable. A Blue Ribbon Commission with a “town-gown” composition is being proposed to provide recommendations on how the flagship sports program for the State of Hawai‘i can be supported.

The Student Housing Special Fund is projecting a \$10.9 million drop in revenues from \$18.8 million in FY20 to \$7.9 million in FY21 due to COVID-19 restrictions on occupancy. Associated revenues for conference housing and food services are projected to decline by \$1 million due to reduced housing occupancy and the closure of the 2020 Summer Conference program. Since fixed operating costs, debt service, and contributions to mandatory reserves cannot be reduced, the projection anticipates using a portion of voluntary reserves to fund current year operations. Projects originally planned to occur in FY20 will be postponed.

Net Operating Gain (Loss)

Net Operating Income (All Funds)	FY21 Projected
Net Operating Income	(\$47,093,322)
Beginning Balance	\$167,382,221
Ending Balance	\$120,288,899
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$17,703,099
Revised Ending Balance	\$102,585,800
Reserve Requirement (5% Minimum)	\$29,152,626
Balance Above Minimum Reserve After Adjustments	\$73,433,174

After the projected net operating loss of \$47.1 million, Mānoa is projected to have an ending balance of \$120.3 million. Some of this balance is already committed in the form of bond covenant and requirements (\$953K) and RTRF commitments (\$16.7 million). The total of those adjustments is projected to be \$17.7 million in FY21. This revises the projected ending

balance to be \$102.6 million, which remains above the 5% minimum reserve and the 16% target reserve level of \$93.3 million.

TUITION AND FEES SPECIAL FUND

Tuition and Fees Special Fund (TFSF) is projected to have revenues of \$206.1 million, expenditures of \$185.9 million and net transfers of \$48.0 million. This results in a projected net operating loss of \$27.8 million.

Revenues

FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
\$206,107,415	\$217,655,124	(\$11,547,709)	-5.3%	\$217,655,124	\$220,228,416	(\$2,573,292)	-1.2%

FY21 tuition is projected to be \$11.5 million less than what was estimated in FY20 due to a conservative estimate for enrollment mostly due to the pandemic. Due to travel restrictions, quarantine requirements and potential visa issues, a conservative decline of about 5% was assumed. Changes in the revenue mix are expected whereby enrollments may increase but the actual dollars received may decline. Particularly, non-resident students pay higher tuition rates and their declining enrollments have a more significant impact on revenues.

Expenditures

FY21 expenditures are projected to increase by about 7.2% in comparison to FY20 actuals.

- **Personnel Expenses:** A projected loss of General Fund appropriations as well as increased collective bargaining costs contribute to the increase in regular personnel expenditures of \$21.8 million. This is despite Mānoa units identifying personnel cost reductions of \$20 million on tuition funds due to the hiring freeze and other reductions; these savings are offset by the increased collective bargaining cost and the movement of previously general-funded permanent personnel to tuition funds. The increase in regular personnel expenditures is partially offset by the savings in Other Operating Expenses (see below).
- **Utilities:** Expenditures for utilities on tuition funds are projected to be higher than in FY20, since only 11 months of expenditures were paid out in FY20. Some additional savings in utilities costs are projected due to cost saving measures.
- **Other Operating Expenses:** The combination of the freeze on travel, equipment purchases, and purchases over \$25,000 plus identification of additional operating cost reductions is projected to result in a savings of \$6.3 million (15.9%) on tuition funds.

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$90,260,281	\$68,416,973	\$21,843,308	31.9%
Lecturer Payroll	\$5,845,700	\$10,207,963	(\$4,362,263)	-42.7%
Student Help Payroll	\$4,173,738	\$4,842,923	(\$669,185)	-13.8%
Other Personnel	\$1,988,107	\$1,708,955	\$279,152	16.3%
Subtotal Personnel	\$102,267,826	\$85,176,814	\$17,091,012	20.1%
Utilities	\$30,484,127	\$29,268,818	\$1,215,309	4.2%
Scholarships, Tuition	\$1,224,659	\$2,028,602	(\$803,943)	-39.6%
Other Operating Expenses	\$33,419,947	\$39,728,090	(\$6,308,143)	-15.9%
Subtotal Other	\$65,128,733	\$71,025,510	(\$5,896,778)	-8.3%
Total Expenditures	\$167,396,559	\$156,202,324	\$11,194,235	7.2%

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$68,416,973	\$78,377,987	(\$9,961,014)	-12.7%
Lecturer Payroll	\$10,207,963	\$9,719,245	\$488,718	5.0%
Student Help Payroll	\$4,842,923	\$5,066,254	(\$223,331)	-4.4%
Other Personnel	\$1,708,955	\$2,570,512	(\$861,557)	-33.5%
Subtotal Personnel	\$85,176,814	\$95,733,998	(\$10,557,184)	-11.0%
Utilities	\$29,268,818	\$30,856,650	(\$1,587,832)	-5.1%
Scholarships, Tuition	\$2,028,602	\$2,144,549	(\$115,947)	-5.4%
Other Operating Expenses	\$39,728,090	\$44,626,092	(\$4,898,002)	-11.0%
Subtotal Other	\$71,025,510	\$77,627,291	(\$6,601,781)	-8.5%
Total Expenditures	\$156,202,324	\$173,361,289	(\$17,158,965)	-9.9%

Net Operating Gain (Loss)

Net Operating Income (TFSF)	FY21 Projected
Net Operating Income	(\$13,269,066)
Beginning Balance	\$64,348,965
Ending Balance	\$51,079,899
Reserve Requirement (5% Minimum)	\$21,914,872
Balance Above Minimum Reserve After Adjustments	\$29,165,027

In FY21, TFSF is projected to have a net operating loss of \$13.3 million, which still places the ending balance above the 5% minimum reserve requirement of \$21.9 million outlined in Executive Policy. It is below the 16% reserve target of \$70.1 million. The negative operating

income can be attributed to anticipated loss of general fund appropriations and the potential for unfunded collective bargaining agreements, offset by savings in operating expenses.

FY22 and beyond

We recognize that in order to go beyond the painful and non-strategic expenditure reduction tactics we are using to address the sudden financial crisis in FY21, we must re-engineer the university to be more efficient, more effective, and more responsive to the needs of Hawai'i.

We began a process in April 2020 to challenge the Mānoa units to develop plans to produce significant cost savings via a variety of means such as the reduction of administrative costs, the elimination of low enrollment academic programs, and the reorganization of programs and departments with the aim of producing new or enhanced opportunities for program and revenue growth. This effort has included not only the academic units, but also the Vice Chancellor level units (Students, Enrollment Management, Research) as well as Athletics, Facilities, and Information Technology. Two realities emerged. First, the Deans made it clear that campus leadership needed to step up to lead this. And as we looked more closely, we realized that many important opportunities cross campus organizational boundaries as well as boundaries across the UH System.

So beginning in May 2020 campus leadership mounted an initiative to work with each academic unit to closely examine their organization and their academic programs, with a view to produce more highly functioning and responsive educational programs at all levels, research and scholarship, and service to Hawai'i. An initial review has been completed of nearly 250 different degree programs as well as the organizational details of the Mānoa departments, centers, schools and colleges. This information was shared in August with each Dean and Director, and individual meetings are being held through the end of the month with each Deans/Director and their executive team to review insights and ideas for fundamental change within and across their units. This will be the basis for a much broader, open, transparent, and consultative engagement with the entire Mānoa campus about the profound changes to our organization and our programs that will be necessary to position the campus for FY22 and beyond.

University of Hawai'i at Hilo

Introduction

UH Hilo is a comprehensive, regional university serving over 3,000 students on a 120-acre main campus. The primary focus of the campus is to provide high quality baccalaureate and select postgraduate education. In carrying out this mission, UH Hilo offers 36 undergraduate degrees, 7 graduate degrees, 2 doctoral degrees, and 2 professional degrees that take advantage of the unique physical and social characteristics of the island, attracting students who are qualified for baccalaureate entry and seek opportunities for highly engaging and experiential learning. This includes first-generation and non-traditional students, some of whom attend part-time.

While a primary target for UH Hilo is residents of Hawai'i Island, its quality programs are attractive to prospective students from other islands, the Pacific, the mainland U.S. and other countries. University-bound students from O'ahu in particular may select UH Hilo not only for its distinctive undergraduate programs but also for its rural setting, affordability, intimate character, or to leave home without leaving the State.

The COVID-19 pandemic will result in a decline in revenue across all fund types with the exception of RTRF. In response to this decline, UH Hilo is planning to reduce both personnel and operational expenditures across instructional, student support, academic support, institutional support and public service units.

CARES Act funding was received to help with direct aid to students, cost of changing the delivery of instruction and defray institutional expenses. UH Hilo received a total of \$5,686,028.

ALL FUNDS

Revenues

Type of Fund	FY2021 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$32,783,258	\$37,004,559	(\$4,221,301)	-11.41%
Tuition & Fees	\$30,888,533	\$33,526,950	(\$2,638,417)	-7.87%
RTRF	\$2,388,217	\$2,388,217	\$0	0.00%
Other Special Funds	\$7,651,762	\$8,196,412	(\$544,650)	-6.64%
Other Revolving Funds	\$1,585,047	\$1,906,304	(\$321,257)	-16.85%
Appropriated Federal Funds	\$291,557	\$225,103	\$66,454	29.52%
Total Revenues	\$75,588,374	\$83,247,545	(\$7,659,171)	-9.2%

Type of Fund	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
General Funds	\$37,004,559	\$37,977,733	(\$973,174)	-2.6%
Tuition & Fees	\$33,526,950	\$32,153,039	\$1,373,911	4.1%
RTRF	\$2,388,217	\$2,559,140	(\$170,923)	-7.2%
Other Special Funds	\$8,196,412	\$8,903,807	(\$707,395)	-8.6%
Other Revolving Funds	\$1,906,304	\$2,009,896	(\$103,592)	-5.4%
Appropriated Federal Funds	\$225,103	\$291,557	(\$66,454)	-29.5%
Total Revenues	\$83,247,545	\$83,895,172	(\$647,627)	-0.8%

Across all funds, revenues are projected to decrease by 9.2% when compared to actual FY20 collections. Tuition and Fees revenue is planned to be \$2.6 million less than FY20 actuals due to enrollment decline. RTRF is projected to remain constant. Other Special Fund revenue is projected to decrease by 6.6% and Revolving Fund revenue is projected to decrease by 16.9% when compared with actual FY20 revenue. The decrease in Other Special Fund revenue is due to a projected decrease in hall capacity due to the COVID-19 pandemic, while the decrease in Other Revolving Fund revenue is due to the projected decline in the number of students being physically on campus and overall decrease in enrollment.

Expenditures

Expenditure Category	FY21 Budget	FY20 Actual	FY21 Projected vs. FY20 Actual	%age
Regular Employee Payroll	\$47,364,122	\$43,202,969	\$4,161,153	9.6%
Lecturer Payroll	\$1,277,521	\$1,927,909	(\$650,388)	-33.7%
Student Help Payroll	\$1,899,775	\$2,070,579	(\$170,804)	-8.2%
Other Personnel	\$907,958	\$1,851,548	(\$943,590)	-51.0%
Subtotal Personnel	\$51,449,376	\$49,053,005	\$2,396,371	4.9%
Utilities	\$5,392,439	\$4,897,014	\$495,425	10.1%
Scholarships, Tuition	\$6,985,100	\$6,966,552	\$18,548	0.3%
Repairs & Maintenance	\$2,540,058	\$1,731,656	\$808,402	46.7%
Other Operating Expenses	\$15,399,811	\$15,654,502	(\$254,691)	-1.6%
Subtotal Other	\$30,317,408	\$29,249,724	\$1,067,684	3.7%
Total Expenditures	\$81,766,784	\$78,302,729	\$3,464,055	4.4%

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$43,202,969	\$45,376,103	(\$2,173,134)	-4.8%
Lecturer Payroll	\$1,927,909	\$2,384,571	(\$456,662)	-19.2%
Student Help Payroll	\$2,070,579	\$2,530,071	(\$459,492)	-18.2%
Other Personnel	\$1,851,548	\$1,695,998	\$155,550	9.2%
Subtotal Personnel	\$49,053,005	\$51,986,743	(\$2,933,738)	-5.6%
Utilities	\$4,897,014	\$5,756,110	(\$859,096)	-14.9%
Scholarships, Tuition	\$6,966,552	\$7,269,055	(\$302,503)	-4.2%
Repairs & Maintenance	\$1,731,656	\$1,441,670	\$289,986	20.1%
Other Operating Expenses	\$15,654,502	\$18,331,972	(\$2,677,470)	-14.6%
Subtotal Other	\$29,249,724	\$32,798,807	(\$3,549,083)	-10.8%
Total Expenditures	\$78,302,729	\$84,785,550	(\$6,482,821)	-7.6%

Overall, expenditures are projected to be 4.4% more compared to actual FY20 expenditures but less than what was budgeted in FY20. Regular employee payroll is projected to increase by 9.6% due to collective bargaining and increase in fringe costs, however all other personnel categories are projected to decline. The projected FY21 utilities budget is 10.1% more than actual in FY20 because the budgeted amount includes potential rate increases and the opening of the Daniel K. Inouye College of Pharmacy (DKICP) building. Repairs & Maintenance and Other Operating Expenses projected for FY21 include carryover commitments and one-time expenditures such as R&R projects for student housing and the Student Life Center as well as items listed below under Tuition and Fees Special Fund.

In response to the projected decrease in revenue, UH Hilo implemented the following cost saving measures:

- Freeze on filling vacant positions and new hires are made on an exception basis only and requires the approval of the UH President.
- Postpone faculty special salary adjustments and staff special compensation adjustments for retention, equity and performance.

- Reduction of 89-day hires by not extending or early termination of current appointments. Projected cost savings is just under \$1.0 million.
- Freeze on out-of-state travel was implemented in FY20 and continues into FY21. A travel freeze was also placed on inter-island travel.
- Freeze on equipment purchases and new contracts exceeding \$25,000 continues into FY21. All contract renewals are being carefully scrutinized and approved only if it is determined that they are absolutely necessary at this time.
- Faculty sabbaticals are being postponed which will help to reduce the cost of hiring lecturer replacements. Lecturer cost is projected to decrease by 33.7%.
- Pcard use has been reduced by limiting the number of employees authorized to make purchases. The Chancellor and Vice Chancellors provided approvals for one to two cardholders from each major department. The remaining cardholders have been instructed not to utilize their Pcards.
- Reduction of other operational costs such as supplies, subscriptions, memberships, repairs and maintenance and printing.

Ongoing planning and discussions:

- Program consolidation – identify duplication of services
- Restructure and reorganization – improve efficiencies
- Reduce or consolidate academic programs – assess demand, need and value of programs

UH Hilo reconvened its Long-Range Budget Planning Committee (LRBPC) to provide input to the Chancellor and her cabinet regarding budget criteria and suggest methods for communicating budget information with the goal of achieving transparency and providing user friendly information.

The LRBPC continues to review and discuss criteria for evaluating programs that will ultimately result in recommendations to the Chancellor. The LRBPC will be guided by data, included but not limited to, UH Hilo mission, program size, growth, external demand, employment opportunities, productive efficiency, financial efficiency, research activities and mission.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (All Funds Summary)	FY21 Projected
Net Operating Income	(\$9,139,093)
Beginning Balance	\$31,220,166
Ending Balance	\$22,081,073
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$6,100,000
Revised Ending Balance	\$15,981,073
Reserve Requirement (5% Minimum)	\$4,195,708
Balance Above Minimum Reserve After Adjustments	\$11,785,365

Pursuant to Executive Policy (EP) 2.212, a cash balance is maintained by the Revenue Undertaking Special Fund for a repair and replacement reserve. An amount equal to 50% of its depreciation expense for the preceding fiscal year is transferred into this fund for Student Housing, Food Service, and DKICP projects. Balances are also held for repairing, maintaining, and replacing facility and equipment for revenue generating units, i.e., Student Life Center. In total, this reserve requirement is \$6.1 million.

The operating loss will be covered by carryover balances while UH Hilo continues to plan for consolidating, restructuring and reducing programs and services. Although UH Hilo proposes to spend \$9.1 million more than its revenues for FY21 to cover planned expenditures and to fund one-time expenses, the remaining balance of \$16.0 million is still above the minimum threshold.

TUITION AND FEES SPECIAL FUND

Revenues

FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
\$30,888,533	\$33,526,950	(\$2,638,417)	-7.87%	\$33,526,950	\$32,153,039	\$1,373,911	4.27%

Tuition and Fee revenues are planned to be 7.9% less than the FY20 actual amount due to a projected enrollment decline, especially in non-resident students.

Expenditures

Expenditure Category	FY21 Budget	FY20 Actual	FY21 Projected vs. FY20 Actual	%age
Regular Employee Payroll	\$13,887,677	\$5,363,905	\$8,523,772	158.9%
Lecturer Payroll	\$1,262,521	\$1,842,314	(\$579,793)	-31.5%
Student Help Payroll	\$704,030	\$906,511	(\$202,481)	-22.3%
Other Personnel	\$760,000	\$1,538,394	(\$778,394)	-50.6%
Subtotal Personnel	\$16,614,228	\$9,651,124	\$6,963,104	72.1%
Utilities	\$4,685,850	\$4,117,108	\$568,742	13.8%
Scholarships, Tuition	\$200,000	\$293,221	(\$93,221)	-31.8%
Repairs & Maintenance	\$1,000,000	\$885,982	\$114,018	12.9%
Other Operating Expenses	\$7,463,251	\$8,278,524	(\$815,273)	-9.8%
Subtotal Other	\$13,349,101	\$13,574,835	(\$225,734)	-1.7%
Total Expenditures	\$29,963,329	\$23,225,959	\$6,737,370	29.0%

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$5,363,905	\$6,847,756	(\$1,483,851)	-21.7%
Lecturer Payroll	\$1,842,314	\$2,295,848	(\$453,534)	-19.8%
Student Help Payroll	\$906,511	\$994,365	(\$87,854)	-8.8%
Other Personnel	\$1,538,394	\$1,210,000	\$328,394	27.1%
Subtotal Personnel	\$9,651,124	\$11,347,969	(\$1,696,845)	-15.0%
Utilities	\$4,117,108	\$4,810,850	(\$693,742)	-14.4%
Scholarships, Tuition	\$293,221	\$545,000	(\$251,779)	-46.2%
Repairs & Maintenance	\$885,982	\$1,000,000	(\$114,018)	-11.4%
Other Operating Expenses	\$8,278,524	\$9,210,702	(\$932,178)	-10.1%
Subtotal Other	\$13,574,835	\$15,566,552	(\$1,991,717)	-12.8%
Total Expenditures	\$23,225,959	\$26,914,521	(\$3,688,562)	-13.7%

Regular employee payroll is planned to be more in FY21 compared to actual expenditures in FY20 due to collective bargaining, fringe benefit increases and reduced general funds. The projected FY21 utilities budget is 13.8% more than actual in FY20 because the budgeted amount includes potential rate increases and the opening of the DKICP building. Repairs and Maintenance is projected to increase due to carry-over and one-time commitments as listed below.

As previously mentioned, cost saving measures have been implemented and the LRBPC continues to review and discuss budget criteria for evaluating programs that will ultimately result in recommendations to the Chancellor.

Net Operating Gain (Loss)

Net Operating Income (including one-time expenditures) (TFSF)	FY21 Budget
Net Operating Income	(\$7,038,805)
Beginning Balance	\$21,464,143
Ending Balance	\$14,425,338
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	
Revised Ending Balance	\$14,425,338
Reserve Requirement (5% Minimum)	\$3,509,442
Balance Above Minimum Reserve After Adjustments	\$10,915,896

UH Hilo proposes to spend \$7.0 million more than its revenues for FY21 to cover planned commitments and one-time expenses (see below). As mentioned previously, UH Hilo continues to plan for consolidating, restructuring and reducing programs and services. Even with this net operating loss, UH Hilo's TFSF ending balance is \$14.4 million, which represents approximately 20.6% of our annual expenditures.

Carry-over Commitments:

\$300,000 - Renew, Improve and Modernize (RIM)

The Facilities Planning and Construction Management Office will continue to complete capital renewal, improvement and modernization projects. This amount of \$300,000 represents funds that were carried forward from FY20 and will be used for projects that were planned for FY20 but delayed to this year. Projects include the replacement of three 75-gallon gas water heaters located in the campus center kitchen facility and design work for the farm improvements, gutter replacement and improvements to the Kilohana Center.

\$264,938 - Energy Efficiency Reinvestment

UH Hilo has established a special energy reinvestment account. \$264,938 is the remaining balance from funds that were budgeted in FY20. It is earmarked for projects that will result in lowering energy costs.

\$14,000 – Electronic Health Record System (EHR)

UH Hilo's Student Medical Service (SMS) planned to purchase an electronic health record system in FY20 with grant funds and tuition. Due to the complexity of the data involved, it took some time for the review process to be completed and the purchase could not be completed in FY20. The EHR system will help to enhance patient flow, patient privacy, accessibility, and necessary HIPAA compliance updates. This will help reduce institutional risk and liability.

One-time expenses:

\$498,532– Student Recruitment

UH Hilo plans to partially fund the contracted services of EAB to provide:

- 1) Year-Round Search program that includes communication with high school sophomores and juniors whose characteristics make them a strong potential match for UH Hilo;
- 2) Senior Marketing Program that includes communication with high school seniors who are desirable candidates for admission and enrollment; and
- 3) Yield Enhancement Program that includes increased communication with admitted students.

EAB's offerings are comprehensive, targeting key challenges at each stage of the recruitment process from inquiry to yield management. This level of comprehensiveness ensures close coordination between different recruitment activities, minimizes wasted time and labor, and enables shared learning across the different phases of recruitment.

\$858,000 – Decommissioning of the Hōkū Ke'a Educational Telescope

UH Hilo plans to fund the deconstruction of the educational telescope facility and restoration of the site at the summit of Maunakea.

CARES Act Funding

- Tranche 1 \$1,497,363, Student Aid: Funds are for aid awarded and paid directly to students. The remaining balance of \$350,313 will be expended in FY21.
- Tranche 2 \$1,497,362, Institutional Portion: Funds are used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, such as purchase of equipment or software for distance learning, and training to operate in a remote learning environment. The remaining balance of about \$1 million will be expended over the remaining term of the grant.
- Tranche3 \$2,691,303, Minority Serving Institutions: Funds are used to defray institutional expenses, including lost revenue, reimbursement for expenses already incurred, technology costs associated with the transition to distance education, and payroll. The remaining balance of about \$2.5 million will be expended over the remaining term of the grant.

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 integrates liberal arts, social sciences, and STEM with professional and applied fields. As a diverse and inclusive indigenous-inspired institution, UHWO blends Native Hawaiian traditional and cultural practices with those of other ethnicities to provide dynamic learning environments where all students learn, discover, innovate, engage, and thrive as they become our 21st Century leaders; career creators.

As a growing campus, the slightest of deviations in General and/or Tuition and Fee Special Funds (TFSF) can have significant impacts on UHWO. To address the anticipated fiscal crises, UHWO's action strategy during the last quarter of FY20 was "cash preservation." This theme continues into FY21 as we strategically continue to reduce our costs, prioritize our signature academic programs, sharpen our student services, grow our enrollment (and tuition revenue), and increase our efficiency and effectiveness. In addition to the President's mitigation efforts, UHWO has also implemented additional approvals for all procurement transactions, temporarily suspended a majority of campus purchasing cards, developed a streamlined and comprehensive review process for all personnel and position action requests, conducted an assessment of all operational costs to include only those deemed operationally critical, continued financial monitoring through monthly reporting and analyses, and utilized CARES funding strategically to reduce operational costs.

Over the course of this fiscal year, we will work to minimize our budget deficit through increased enrollment (tuition revenues) and continually seeking opportunities for further savings, while attempting to limit the use of and/or strategically utilizing our cash reserves. This short-term plan serves as a bridge affording our campus community an opportunity to define strategic actions that will reposition us academically and financially for success in FY22 and beyond.

**BUDGET SUMMARY
ALL FUNDS**

Revenues

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$15,592,267	\$18,105,636	(\$2,513,369)	-13.9%
Tuition & Fees	\$17,475,000	\$17,702,735	(\$227,735)	-1.3%
RTRF	\$367,653	\$367,653	\$0	0.0%
Other Special Funds	\$54,558	\$306,913	(\$252,355)	-82.2%
Other Revolving Funds	\$717,911	\$794,841	(\$76,930)	-9.7%
Appropriated Federal Funds	\$100,000	\$96,331	\$3,669	3.8%
Total Revenues	\$34,307,389	\$37,374,109	(\$3,066,720)	-8.2%

Type of Fund	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$18,105,636	\$18,291,413	(\$185,777)	-1.0%
Tuition & Fees	\$17,702,735	\$18,291,214	(\$588,479)	-3.2%
RTRF	\$367,653	\$254,520	\$113,133	44.4%
Other Special Funds	\$306,913	\$286,700	\$20,213	7.1%
Other Revolving Funds	\$794,841	\$879,500	(\$84,659)	-9.6%
Appropriated Federal Funds	\$96,331	\$100,000	(\$3,669)	-3.7%
Total Revenues	\$37,374,109	\$38,103,347	(\$729,238)	-1.9%

When comparing the projected FY21 budget against FY20 actuals, revenue is expected to decrease by 8.2%, or \$3.1 million. A projected 16% decrease to general fund allocations is reflected in FY21 due to the negative financial impact of COVID-19.

Tuition & Fees revenue is projected to decrease slightly by 1.3% as the campus pivots to offer online classes in the Fall, as a result of COVID-19. Other Special Funds revenue is projected to decrease in FY21 by 82% compared to FY20 actual collections due to a planned decrease in revenue as stated in the signed agreement for the Ulu Ulu Program and a decrease in international programs due to the strains caused by the pandemic. Similarly, Other Revolving Funds will also experience a decrease in revenue as facility rentals are on pause during the pandemic.

Expenditures by Fund Type

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$15,893,252	\$18,101,937	(\$2,208,685)	-12.2%
Tuition & Fees	\$12,610,632	\$10,385,419	\$2,225,213	21.4%
RTRF	\$367,653	\$179,257	\$188,396	105.1%
Other Special Funds	\$2,968,673	\$2,536,957	\$431,716	17.0%
Other Revolving Funds	\$787,210	\$668,094	\$119,116	17.8%
Appropriated Federal Funds	\$100,000	\$96,331	\$3,669	3.8%
Total Expenditures	\$32,727,420	\$31,967,995	\$759,425	2.4%

Type of Fund	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
General Funds	\$18,101,937	\$18,376,315	(\$274,378)	-1.5%
Tuition & Fees	\$10,385,419	\$14,881,470	(\$4,496,051)	-30.2%
RTRF	\$179,257	\$438,447	(\$259,190)	-59.1%
Other Special Funds	\$2,536,957	\$2,787,500	(\$250,543)	-9.0%
Other Revolving Funds	\$668,094	\$1,236,900	(\$568,806)	-46.0%
Appropriated Federal Funds	\$96,331	\$100,000	(\$3,669)	-3.7%
Total Expenditures	\$31,967,995	\$37,820,632	(\$5,852,637)	-15.5%

In FY21, the campus is projecting a 16% reduction to general funds which will in turn, pose an additional strain on TFSF. Understanding the financial severity due to COVID-19, the campus worked to create a lean budget for FY21, reduced operating budgets by \$1.2 million to maintain funding for critical needs only, secured extramural funding, and strategically utilized CARES Act funds for temporary, casual and student hires, and other expenses, while adhering to the Governor and President's freeze announcements.

RTRF expenditures are projected to increase in FY21 to support grant initiatives, faculty scholarly opportunities, utilities and provide seed funds to obtain additional grants. Other Special Funds and Other Revolving Funds are expected to increase to support one-time costs for campus repair, replacement, and maintenance projects totaling \$430,000.

In FY20, TFSF experienced a significant 30.2% variance, or \$4.5 million less than budgeted. Contributing to the variance was the actual retroactive sewer cost which was \$2.59 million below the projected \$3.75 million. As the fiscal uncertainties due to the pandemic became apparent, campus administrators implemented means to preserve its cash while adhering to the Governor and President's imposed restrictions. As a whole, the coronavirus halted many plans during the 4th quarter of FY20 which resulted in a decrease in expenditures than originally projected across most fund types. As an example, faculty travel opportunities were halted, thus significantly decreasing in RTRF expenditures.

Student fee actual expenses were \$500,000 below budget in FY20. In FY21, more

guidance will be in place to assist student leaders from managing and executing budgets to procuring goods and services.

Expenditures by Category

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$21,070,548	\$20,972,016	\$98,532	0.5%
Lecturer Payroll	\$3,459,872	\$2,720,692	\$739,180	27.2%
Student Help Payroll	\$448,826	\$626,814	(\$177,988)	-28.4%
Other Personnel	\$304,878	\$377,114	(\$72,236)	-19.2%
<i>Subtotal Personnel</i>	<i>\$25,284,124</i>	<i>\$24,696,636</i>	<i>\$587,488</i>	<i>2.4%</i>
Utilities	\$2,003,000	\$2,299,653	(\$296,653)	-12.9%
Scholarships, Tuition	\$2,390,000	\$2,280,153	\$109,847	4.8%
Other Operating Expenses	\$3,050,296	\$2,691,553	\$358,743	13.3%
<i>Subtotal Other</i>	<i>\$7,443,296</i>	<i>\$7,271,359</i>	<i>\$171,937</i>	<i>2.4%</i>
Total Expenditures	\$32,727,420	\$31,967,995	\$759,425	2.4%

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$20,972,016	\$21,373,696	(\$401,680)	-1.9%
Lecturer Payroll	\$2,720,692	\$2,726,973	(\$6,281)	-0.2%
Student Help Payroll	\$626,814	\$641,500	(\$14,686)	-2.3%
Other Personnel	\$377,114	\$437,200	(\$60,086)	-13.7%
<i>Subtotal Personnel</i>	<i>\$24,696,636</i>	<i>\$25,179,369</i>	<i>(\$482,733)</i>	<i>-1.9%</i>
Utilities	\$2,299,653	\$5,740,606	(\$3,440,953)	-59.9%
Scholarships, Tuition	\$2,280,153	\$2,591,500	(\$311,347)	-12.0%
Other Operating Expenses	\$2,691,553	\$4,309,157	(\$1,617,604)	-37.5%
<i>Subtotal Other</i>	<i>\$7,271,359</i>	<i>\$12,641,263</i>	<i>(\$5,369,904)</i>	<i>-42.5%</i>
Total Expenditures	\$31,967,995	\$37,820,632	(\$5,852,637)	-15.5%

FY21 expenditures are projected to slightly increase by 2.4% or \$759,425 over the actual amount expended in FY20. This is mainly due to the lecturer payroll which is projected to increase by \$739,180 or 27.2% in FY21. In FY20, sufficient general funds were available to cover lecturer costs. However, in FY21, due to the projected 16% general fund reduction, most lecturer payroll will be paid by TFSF, thus incurring fringe benefit costs of approximately \$740,000. The amount of lecturer costs, net of fringe, is projected to increase 3% over FY20.

In FY20, UHWO experienced a significant 15.5% variance, or \$5.9 million less than budgeted. Contributing to the variance was the actual retroactive sewer cost which was \$2.59 million below the projected \$3.75 million. In addition, during the 4th quarter of FY20, the campus shifted to a conservative level of spending arising from the negative impacts of COVI-19.

Net Operating Gain (Loss)

Net Operating Income (All Funds)	FY21 Projected
Net Operating Income (including one-time expenditures)	(\$2,380,270)
Beginning Balance	\$14,501,907
Ending Balance	\$12,121,637
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$1,256,845
Revised Ending Balance	\$10,864,792
Reserve Requirement (5% Minimum)	\$1,844,432
Balance Above Minimum Reserve After Adjustments	\$9,020,360

After the projected net operating loss of \$2.4 million, UH West O'ahu is projected to have an ending balance of \$12.1 million. Of this amount, \$1.3 million is held in the repair and replacement reserve per EP 2.212. During FY21, three urgent repair, replacement, and maintenance projects totaling \$330,000 will utilize the R&R reserve. The revised ending balance of \$10.9 million remains above the 5% minimum reserve requirement.

TUITION AND FEES SPECIAL FUND

Revenues

FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
\$17,475,000	\$17,702,735	(\$227,735)	-1.3%	\$17,702,735	\$18,291,214	(\$588,479)	-3.2%

In FY21, the 1.3% revenue decrease is based on a projected 1.2% enrollment decrease (per IRAO data as of August 20, 2020). Aggressive student recruitment efforts during the Summer 2020 resulted in more students committing to UH West O'ahu in the Fall despite the negative impacts of the coronavirus.

Expenditures

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$5,019,728	\$5,015,043	\$4,685	0.1%
Lecturer Payroll	\$3,264,537	\$223,304	\$3,041,233	1361.9%
Student Help Payroll	\$226,076	\$390,543	(\$164,467)	-42.1%
Other Personnel	\$26,320	\$276,396	(\$250,076)	-90.5%
Subtotal Personnel	\$8,536,661	\$5,905,286	\$2,631,375	44.6%
Utilities	\$1,977,500	\$2,269,324	(\$291,824)	-12.9%
Scholarships, Tuition	\$0	\$0	\$0	0.0%
Other Operating Expenses	\$2,096,471	\$2,210,809	(\$114,338)	-5.2%
Subtotal Other	\$4,073,971	\$4,480,133	(\$406,162)	-9.1%
Total Expenditures	\$12,610,632	\$10,385,419	\$2,225,213	21.4%

Expenditure Category	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
Regular Employee Payroll	\$5,015,043	\$5,096,864	(\$81,821)	-1.6%
Lecturer Payroll	\$223,304	\$292,000	(\$68,696)	-23.5%
Student Help Payroll	\$390,543	\$322,000	\$68,543	21.3%
Other Personnel	\$276,396	\$187,000	\$89,396	47.8%
Subtotal Personnel	\$5,905,286	\$5,897,864	\$7,422	0.1%
Utilities	\$2,269,324	\$5,713,606	(\$3,444,282)	-60.3%
Scholarships, Tuition	\$0	\$0	\$0	0.0%
Other Operating Expenses	\$2,210,809	\$3,270,000	(\$1,059,191)	-32.4%
Subtotal Other	\$4,480,133	\$8,983,606	(\$4,503,473)	-50.1%
Total Expenditures	\$10,385,419	\$14,881,470	(\$4,496,051)	-30.2%

FY21 TFSF expenditures are projected to increase by 21.4% or \$2.2 million over the actual amount expended in FY20. This is largely due to the anticipated 16% general fund reduction in FY21 which equates to approximately \$2.5 million less than what was received in FY20.

A significant increase to the lecturer payroll is a result of the decrease in general fund support. Unlike FY20 where lecturer payroll was largely paid by general funds, lecturer payroll in FY21 is planned to be paid by TFSF which will incur an additional \$740,000 in fringe benefit costs. Extramural funds to include the CARES Act were secured to support student employment, temporary and casual hires, and other operating expenses in FY21.

In the final quarter of FY20 when the COVID-19 pandemic realities hit the State, campus administrators assessed its financial situation and implemented means to preserve its cash and adhered to the Governor and President's imposed restrictions which resulted in a 30.2% decrease in planned expenditures. This cautious and conservative approach was applied to the FY21 budget structuring. Also contributing to the variance in FY20 was the actual retroactive sewer cost which was \$2.59 million below the projected \$3.75 million.

Transfers

In FY21, UHWO will transfer approximately \$6.6 million, or 38% of its estimated tuition revenue for debt service commitments (\$4.14 million), UHWO scholarships (\$2.36 million) as mandated in EP 6.204, and system assessments (\$125 thousand).

Net Operating Gain (Loss)

Net Operating Income (TFSF)	FY21 Projected
Net Operating Income (including one-time expenditures)	(\$1,756,856)
Beginning Balance	\$9,456,451
Ending Balance	\$7,699,595
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	\$0
Revised Ending Balance	\$7,699,595
Reserve Requirement (5% Minimum)	\$1,756,255
Balance Above Minimum Reserve After Adjustments	\$5,943,340

The campus is projecting to spend more than its projected revenue by \$1.8 million as a result of the anticipated 16% decrease in general fund support and a projected 1.2% decrease in enrollment. With a cautious approach to its spending plan in FY21, the campus will have sufficient funds to meet its 5% reserve requirement.

Community Colleges

Introduction

The University of Hawai'i Community Colleges (UHCC) is dedicated to increasing the educational capital of the State, addressing the needs of underserved populations, and revitalizing and expanding the State's economy. The UHCC provides first generation college students, educationally and economically disadvantaged individuals, and under-represented groups a gateway for upward mobility, while providing a highly trained and highly skilled workforce for Hawai'i industries.

ALL FUND SUMMARY

Revenues

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj vs FY20 Actual	%age
General Fund	128,493,689	149,720,977	(21,227,288)	-14.2%
Tuition & Fees	49,552,495	60,290,230	(10,737,735)	-17.8%
RTRF	1,504,078	1,664,868	(160,790)	-9.7%
Other Special Funds	9,609,945	16,902,888	(7,292,943)	-43.1%
Other Revolving Funds	1,483,420	1,634,096	(150,676)	-9.2%
Appropriated Fed Funds	2,867,849	2,981,603	(113,754)	-3.8%
Total	193,511,476	233,194,662	(39,683,186)	-17.0%

Type of Fund	FY20 Actual	FY20 Projected	FY20 Proj vs FY20 Actual	%age
General Fund	149,720,977	149,964,185	(243,208)	-0.2%
Tuition & Fees	60,290,230	59,894,074	396,156	0.7%
RTRF	1,664,868	1,998,835	(333,967)	-16.7%
Other Special Funds	16,902,888	16,832,493	70,395	0.4%
Other Revolving Funds	1,634,096	1,742,347	(108,251)	-6.2%
Appropriated Fed Funds	2,981,603	2,749,635	231,968	8.4%
Total	233,194,662	233,181,569	13,093	0.0%

General Fund revenues show a decrease of \$21.2 million, or 14.2%, as a result of the decreased allocation from the State. It is anticipated that this general fund reduction will persist over the next 3-4 years while the State works to recover from the COVID-19 pandemic.

Tuition revenue projections show a \$10.7 million decrease, or 17.8%. This revenue projection is based on a point-in-time enrollment comparison with the previous year. The drop in projected revenue is exacerbated by a significant reduction in non-resident enrollment which has a pronounced effect on revenue due to the higher tuition rate. However, these enrollment

gaps have been shrinking and the revenue projection put forward in this plan may be a conservative one. Going forward, it is hoped that tuition revenues will fully as the Community Colleges continue to play an essential role in training workers for the “new economy” shaped by the COVID-19 pandemic. The massive unemployment created by the pandemic is also anticipated to increase UHCC enrollment as unemployed adults retrain and/or upgrade their workforce skills to meet the needs of the new economy.

Other Special Fund revenue projections show a decrease of \$7.3 million, or 43.1%. This fund includes a wide variety of revenue generating activities that include non-credit instruction, Summer session, and various auxiliary type services. The large decrease in revenue reflects the challenge of providing short-term workforce training and community enrichment programs that are traditionally hands-on and provided face-to face. It also reflects a dramatic decrease in services provided to students and the community at-large, like food service and facilities use programs that are impacted by a student body receiving instructional services online and a community adhering to social distancing requirements. These programs exist on a largely self-sustaining basis so that any reductions in revenue will be met by corresponding decreases in expenses.

Expenses

Exp Category	FY21 Projected	FY20 Actual	FY21 Proj vs FY20 Actual	%age
Regular Employee Payroll	133,239,330	136,634,866	(3,395,536)	-2.5%
Lecturer Payroll	16,707,032	22,158,409	(5,451,377)	-24.6%
Student Help Payroll	2,833,364	3,673,669	(840,305)	-22.9%
Other Personnel	1,015,588	2,238,432	(1,222,844)	-54.6%
Subtotal	153,795,314	164,705,376	(10,910,062)	-6.6%
Utilities	9,373,427	11,333,110	(1,959,683)	-17.3%
Scholarships, Tuition	7,263,290	8,141,537	(878,247)	-10.8%
Other Operating Exp	24,632,760	29,816,332	(5,183,572)	-17.4%
Subtotal	41,269,477	49,290,979	(8,021,502)	-16.3%
Total	195,064,791	213,996,355	(18,931,564)	-8.8%

Type of Fund	FY20 Actual	FY20 Projected	FY20 Proj vs FY20 Actual	%age
Regular Employee Payroll	136,634,866	141,360,024	(4,725,158)	-3.3%
Lecturer Payroll	22,158,409	22,079,042	79,367	0.4%
Student Help Payroll	3,673,669	4,539,575	(865,906)	-19.1%
Other Personnel	2,238,432	2,581,086	(342,654)	-13.3%
Subtotal	164,705,376	170,559,727	(5,854,351)	-3.4%
Utilities	11,333,110	11,644,982	(311,872)	-2.7%
Scholarships, Tuition	8,141,537	8,169,421	(27,884)	-0.3%
Other Operating Exp	29,816,332	38,769,133	(8,952,801)	-23.1%
Subtotal	49,290,979	58,583,536	(9,292,557)	-15.9%
Total	213,996,355	229,143,263	(15,146,908)	-6.6%

Expenditure reductions:

- Regular employee payroll projections show a decrease due to the elimination of vacant general funded positions and the decrease in activity projected for revenue generating programs in the Other Special Fund.
- Lecturer payroll projections show a decrease due to the continued refinement and balancing of lecturer requirements against instructional services provided by regular faculty. The decline in enrollment also contributed to the projected reduction in Lecturer expenditures.
- Student Help and Other Personnel expenses show a decrease to accommodate the overall projected drop in revenues.
- Utilities show a decrease due to renewable energy projects and reduced consumption associated with online instruction.
- Scholarship expenses show a decrease due to the exclusion of \$700,000 for the Hawai'i Promise Program that was appropriated through a special appropriation. The special appropriation, that augments an existing \$1.8 million in the UHCC base budget, was released and expended in FY20; however, the funds for FY21 have not yet been released.
- Other operating expenses show a decrease to accommodate the overall projected drop in revenues. It is anticipated that overall expenses will drop due the implementation of various cost cutting measures as well as a decrease in activity projected for revenue generating programs.

Net Operating Gain (Loss)

Net Operating Income (All)	FY21 Projected
Net Operating Income	(6,229,084)
Beginning Balance	54,592,041
Ending Balance	48,362,957
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	3,200,000
Revised Ending Balance	45,162,957
Reserve Requirement (5% Minimum)	9,894,118
Balance Above Minimum Reserve After Adjustments	35,268,839

Projected expenditures exceed the projected revenues by \$6.2 million. The operating loss in FY21 will be covered by carryover balances, while the UHCC plans for structural changes to be implemented in upcoming fiscal years. In spite of this reduction in the carryover balance, the UHCC continues to maintain reserves in excess of the required minimum. The financial plan is also structured so that individual campuses will not exceed a 25% reduction to their carryover fund balances in FY21.

Other Reserve Requirements include debt service payments for energy projects and new facilities at Kapi'olani Community College and Hawai'i Community College that were financed using revenue bonds. It also includes contributions toward a repair and replacement reserve fund that is required pursuant to EP 2.212.

TUITION AND FEES SPECIAL FUND

Revenues

FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
49,552,495	60,290,230	(10,737,735)	-17.8%	60,290,230	59,894,074	396,156	-17.8%

Tuition revenue projections show a \$10.7 million decrease, or 17.8%. This revenue projection is based on a point-in-time enrollment comparison with the previous year. The drop in projected revenue is exacerbated by a significant reduction in non-resident enrollment which has a pronounced effect on revenue due to the higher tuition rate. However, these enrollment gaps have been shrinking and it is hoped that the revenue projection put forward in this plan is a conservative one. As mentioned previously, it is anticipated that Tuition revenue will recover in the ensuing years.

Expenditures

Exp Category	FY21 Projected	FY20 Actual	FY21 Proj vs FY20 Actual	%age
Regular Employee Payroll	5,808,754	7,892,633	(2,083,879)	-26.4%
Lecturer Payroll	7,679,860	487,656	7,192,204	1474.9%
Student Help Payroll	1,826,182	2,434,907	(608,725)	-25.0%
Other Personnel	295,958	1,140,895	(844,937)	-74.1%
Subtotal	15,610,754	11,956,091	3,654,663	30.6%
Utilities	8,966,196	4,776,609	4,189,587	87.7%
Scholarships, Tuition	7,186,474	5,679,850	1,506,624	26.5%
Other Operating Exp	18,955,715	20,354,349	(1,398,634)	-6.9%
Subtotal	35,108,385	30,810,808	4,297,577	13.9%
Total	50,719,139	42,766,899	7,952,240	18.6%

Type of Fund	FY20 Actual	FY20 Projected	FY20 Proj vs FY20 Actual	%age
Regular Employee Payroll	7,892,633	10,956,739	(3,064,106)	-28.0%
Lecturer Payroll	487,656	804,648	(316,992)	-39.4%
Student Help Payroll	2,434,907	2,902,890	(467,983)	-16.1%
Other Personnel	1,140,895	1,328,124	(187,229)	-14.1%
Subtotal	11,956,091	15,992,401	(4,036,310)	-25.2%
Utilities	4,776,609	4,691,003	85,606	1.8%
Scholarships, Tuition	5,679,850	5,538,346	141,504	2.6%
Other Operating Exp	20,354,349	29,038,789	(8,684,440)	-29.9%
Subtotal	30,810,808	39,268,138	(8,457,330)	-21.5%
Total	42,766,899	55,260,539	(12,493,640)	-22.6%

- Regular Payroll show a large reduction primarily due to the transfer of expenses between the GF and the TFSF. The reduction is due to a decision to transfer Regular payroll costs from non-imposed TFSF accounts (S-397 accounts) to the GF.
- Conversely, Lecturers, Utilities and Scholarships show large increases due to expenditure transfers in the opposite direction. The net GF after reductions is only sufficient to cover Regular Payroll and a portion of Lecturers, therefore, projected expenses for these cost categories were transferred to the TFSF. When combined with the GF, these cost categories were reduced as follows: Lecturers 25%, Utilities 20%, and scholarships 10%.
- Student Help, Other Personnel and Other Operating Expenses show reductions to accommodate the overall projected drop in revenues.

Net Operating Gain (Loss)

Net Operating Income (All)	FY21 Projected
Net Operating Income	(6,229,084)
Beginning Balance	32,689,364
Ending Balance	26,460,280
Other Reserve Requirements (R&R, Bond, RTRF Commitments)	2,500,000
Revised Ending Balance	23,960,280
Reserve Requirement (5% Minimum)	9,264,246
Balance Above Minimum Reserve After Adjustments	14,696,034

As stated previously, projected expenditures exceed the projected revenues by \$6.2 million. The operating loss in FY21 will be covered by carryover balances, while the UHCC plans for structural changes to be implemented in upcoming fiscal years.

Other Reserve Requirements include debt service payments for energy projects and new facilities at Kapi'olani Community College and Hawai'i Community College that were financed using revenue bonds. It also includes contributions toward a repair and replacement reserve fund that is required pursuant to EP 2.212.

Systemwide Administration

Introduction

The University of Hawai'i (UH) Systemwide Administration (System) is committed to providing the vision, leadership, and stewardship needed to enable the ten University campuses to advance missions that promote distinctive pathways to excellence, differentially emphasize instruction, research, and service while contributing to a coherent response to the needs of a technologically advanced, globally competitive, and culturally diverse island State.

The System offices and programs are organized under the Board of Regents Office, President's Office, Vice President for Academic Planning and Policy, Vice President for Administration, Vice President for Budget and Finance and Chief Financial Officer, Vice President for Information Technology and Chief Information Officer, Vice President for Legal Affairs and University General Counsel, and Vice President for Research and Innovation. The System budget supports 54 offices and programs which includes 409 appropriated General Fund, 20 Special Fund, 4 Federal Fund, and 15 Revolving Fund permanent Full Time Equivalent (FTE) positions.

The impact of COVID-19 to the University's budget in FY21 is still uncertain as we await our budget allocation from the State. With one of the highest unemployment rates in the nation, and tourism at a standstill, there is uncertainty of the time to recover Hawai'i's economy. The consequence will be budget reductions to all State agencies, including the University of Hawai'i. In FY21, the System's operative budget will focus on minimizing adverse impact to core central functions that support all ten campuses, while containing costs due to a smaller general funds budget allocation.

BUDGET SUMMARY
ALL FUNDS

Revenues

Type of Fund	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
General Funds	\$47,487,910	\$50,176,842	(\$2,688,932)	-5.40%
Tuition & Fees	\$1,171,968	\$2,194,333	(\$1,022,365)	-46.60%
RTRF	\$15,343,692	\$14,359,107	\$984,585	6.90%
Other Special Funds	\$4,638,500	\$4,974,818	(\$336,318)	-6.80%
Other Revolving Funds	\$1,338,172	\$2,053,179	(\$715,007)	-34.80%
Appropriated Federal Funds	\$656,000	\$508,736	\$147,264	28.90%
Total Revenues	\$70,636,242	\$74,267,014	(\$3,630,772)	-4.90%

Type of Fund	FY20 Actual	FY20 Projected	FY21 Actual vs. FY20 Proj.	%age
General Funds	\$50,176,842	\$54,072,839	(\$3,895,997)	-7.20%
Tuition & Fees	\$2,194,333	\$3,053,249	(\$858,916)	-28.10%
RTRF	\$14,359,107	\$15,684,956	(\$1,325,849)	-8.50%
Other Special Funds	\$4,974,818	\$4,780,385	\$194,433	4.10%
Other Revolving Funds	\$2,053,179	\$1,091,165	\$962,014	88.20%
Appropriated Federal Funds	\$508,736	\$656,000	(\$147,264)	-22.40%
Total Revenues	\$74,267,014	\$79,338,594	(\$5,071,580)	-6.40%

While the State has yet to issue budget execution instructions and policies, this expenditure plan assumes a 16% reduction to the General Funds revenue and a decrease in all other non-general funds, with the exception of RTRF.

Actual General Fund revenue in FY20 does not include \$3.4 million in transfers from System to various UH campuses. Among the most significant transfers were \$2.5 million for Performance Funding and \$1.1 million for Academy for Creative Media (ACM). Additionally, the System budget expends \$3 million for B Plus scholarships and \$1.4 million for WICHE scholarships from its general funds revenue for the campuses. Projected General Fund transfers in FY21 total \$3.48 million, which again include transfers for Performance Funding, and the continued commitment of B Plus scholarships of \$2.52 million and WICHE of \$1.27 million. General Fund transfers are reported as changes in revenue because they represent a change in allocation from the State rather than actual cash moving between UH campuses.

Actual Other Special Funds revenue in FY20 increased slightly with the collection of payment for the Information Technology Services (ITS) co-location charge that was initially budgeted in FY19, coupled with a reimbursement to UH Ventures LLC from the Innovation and Commercialization Initiative Special Fund. FY21 Other Special Funds revenue is forecasted to decrease slightly as a conservative measure from the effects of COVID-19 on program revenues.

Actual Other Revolving Funds revenue in FY20 was higher than budgeted due to land development investment. Similar to Other Specials Funds, Other Revolving Funds revenue in FY21 is forecasted to decrease slightly as a conservative measure from the effects of COVID-19 on program revenues.

Expenditures

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$45,967,584	\$45,019,439	\$948,145	2.10%
Lecturer Payroll	\$0	\$58,787	(\$58,787)	-100.00%
Student Help Payroll	\$1,024,407	\$1,231,888	(\$207,481)	-16.80%
Other Personnel	\$1,280,536	\$489,880	\$790,656	161.40%
<i>Subtotal Personnel</i>	<i>\$48,272,527</i>	<i>\$46,799,994</i>	<i>\$1,472,533</i>	<i>3.10%</i>
Utilities	\$1,919,901	\$1,456,462	\$463,439	31.80%
Scholarships, Tuition	\$3,667,279	\$3,067,315	\$599,964	19.60%
Other Operating Expenses	\$26,767,294	\$34,845,753	(\$8,078,459)	-23.20%
<i>Subtotal Other</i>	<i>\$32,354,474</i>	<i>\$39,369,530</i>	<i>(\$7,015,056)</i>	<i>-17.80%</i>
Total Expenditures	\$80,627,001	\$86,169,524	(\$5,542,523)	-6.40%

Expenditure Category	FY20 Actual	FY20 Projected	FY19 Actual vs. FY19 Projected	%age
Regular Employee Payroll	\$45,019,439	\$48,967,287	(\$3,947,848)	-8.10%
Lecturer Payroll	\$58,787	\$0	\$58,787	100.00%
Student Help Payroll	\$1,231,888	\$1,104,972	\$126,916	11.50%
Other Personnel	\$489,880	\$405,068	\$84,812	20.90%
<i>Subtotal Personnel</i>	<i>\$46,799,994</i>	<i>\$50,477,327</i>	<i>(\$3,677,333)</i>	<i>-7.30%</i>
Utilities	\$1,456,462	\$1,262,590	\$193,872	15.40%
Scholarships, Tuition	\$3,067,315	\$4,438,914	(\$1,371,599)	-30.90%
Other Operating Expenses	\$34,845,753	\$33,385,105	\$1,460,648	4.40%
<i>Subtotal Other</i>	<i>\$39,369,530</i>	<i>\$39,086,609</i>	<i>\$282,921</i>	<i>0.70%</i>
Total Expenditures	\$86,169,524	\$89,563,936	(\$3,394,412)	-3.80%

In FY20, projected payroll and other operating expenditures were less than budgeted. FY21 expenditures are projected to increase slightly in Regular Employee Payroll with the anticipation of the collective bargaining increase approved by the Legislature. Additionally, salaries that were previously paid by general funds, are being moved to a non-general fund account, which increases personnel cost due to having to pay for fringe benefits. Other Operating Expenses are projected to decrease drastically, bearing the majority of the 16% reduction.

Net Operating Gain (Loss)

Net Operating Income (All Funds)	FY21 Projected
Net Operating Income	(\$2,025,984)
Beginning Balance	\$33,737,435
Ending Balance	\$31,711,451
Other Reserve Requirements	\$15,500,000
Revised Ending Balance	\$16,211,451
Reserve Requirement (5% Minimum)	\$4,087,048
Balance Above Minimum Reserve After Adjustments	\$12,124,403

Net operating income is projected to be negative due to general funds budget reductions and decreases to revenue in non-general funds. For both personnel and other operating expenditures, minimal reserves are planned to be used to offset the availability of general funds and reduction in revenue.

Other reserve requirements include \$1.5 million for IT building debt service, \$3 million University Foundation annual payment, \$5 million Risk Management special fund for self-insurance, \$1.5 million in IT Special Fund for ongoing operational cost and building maintenance, \$3 million for B+ scholarships for ensuing academic year, and \$1.5 million in Revenue Undertaking Fund by bond covenants.

GENERAL FUNDS

Forecasted FY21 General Fund expenditures will see a dramatic decrease as the result of COVID-19 to the State's revenues. Mitigative measure to these reductions include unearned performance funds to offset cuts instead of investing in strategic initiatives, freeze on travel and equipment, and reduction to operating expenses such as memberships and office supplies. The freeze on hiring should also bring salary savings through attrition. System's scholarships will also be impacted by having to take its fair share of cuts. Lastly, normal salary and expenditures that were paid for by general funds will have to be absorbed in appropriate non-general funds accounts.

Legislative appropriation for specific initiatives in the System budget, will continue to be disseminated to the campuses. In FY21, 12.6% or \$6.0 million of the General Fund budget will be transferred to the campuses for scholarships and other program expenses. Moreover, while the Western Interstate Commission for Higher Education (WICHE) scholarship budget of \$1.31 million is managed by System, the scholarships directly support higher education options for students at the campuses. Consequently, a total of 15.39% or \$7.31 million of the General Fund budget is in fact spent by the campuses rather than System operations.

General Fund Transfers	FY21 Budget	FY20 Actual	FY20 Budget vs. FY19 Actual	%age
Performance Funding	\$2,209,315	\$2,509,951	(\$300,636)	-12.00%
B Plus Scholarships	\$2,520,000	\$3,000,000	(\$480,000)	-16.00%
Academy for Creative Media	\$0	\$1,170,000	(\$1,170,000)	-100.00%
Workers Comp/UI	\$800,000	\$800,000	\$0	0.00%
Na Pua Noeau	\$322,242	\$322,242	\$0	0.00%
Student Affairs	\$144,500	\$187,000	(\$42,500)	-22.70%
Diversity & Equity	\$6,607	\$5,697	\$910	16.00%
Other Support	\$0	\$147,200	(\$147,200)	-100.00%
<i>Total Transfers</i>	<i>\$6,002,664</i>	<i>\$8,142,090</i>	<i>(\$2,139,426)</i>	<i>-26.30%</i>
WICHE	\$1,306,279	\$1,422,123	(\$115,844)	-8.10%
Grand Total	\$7,308,943	\$9,564,213	(\$2,255,270)	-23.60%

TUITION AND FEES SPECIAL FUND

Revenues

FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age	FY20 Actual	FY20 Projected	FY20 Actual vs. FY20 Proj.	%age
\$1,171,968	\$2,194,333	(\$1,022,365)	-46.60%	\$2,194,333	\$3,053,249	(\$858,916)	-28.10%

TFSF revenues in System are not from student tuition. Rather, revenue is gained through fees from: Late Registration, the Tuition payment plan, interest income, and applications for use of UH facilities for commercial filming. Interest income has been rising since FY15 and experienced significant growth in FY18 and FY19 due to increased interest rates, notably on CD investments, and investments in new government obligations yielding higher interest rates. The FY21 decline is due to a significant decrease in interest income revenue projection. Impact to the interest income is twofold; decrease in interest rates and anticipated decrease in unencumbered cash balance. Projections were adjusted down by 62%.

Expenditures

Expenditure Category	FY21 Projected	FY20 Actual	FY21 Proj. vs. FY20 Actual	%age
Regular Employee Payroll	\$971,171	\$1,779,915	(\$808,744)	-45.40%
Lecturer Payroll	\$0	\$0	\$0	
Student Help Payroll	\$841,947	\$416	\$841,531	202291.10%
Other Personnel	\$700	\$0	\$700	
<i>Subtotal Personnel</i>	<i>\$1,813,818</i>	<i>\$1,780,331</i>	<i>\$33,487</i>	<i>1.90%</i>
Utilities	\$19,200	\$119,824	\$784	0.60%
Scholarships, Tuition	\$0	\$0	(\$4,050)	-100.00%
Other Operating Expenses	\$7,084,466	\$5,861,104	\$3,283,954	57.90%
<i>Subtotal Other</i>	<i>\$7,103,666</i>	<i>\$5,980,928</i>	<i>\$3,280,688</i>	<i>56.50%</i>
Total Expenditures	\$8,917,484	\$7,761,259	\$3,314,175	36.70%

Expenditure Category	FY20 Actual	FY20 Projected	FY21 Actual vs. FY20 Projected	%age
Regular Employee Payroll	\$1,779,915	\$2,222,315	(\$442,400)	-19.90%
Lecturer Payroll	\$0	\$0	\$0	
Student Help Payroll	\$416	\$0	\$416	
Other Personnel	\$0	\$0	\$0	
<i>Subtotal Personnel</i>	<i>\$1,780,331</i>	<i>\$2,222,315</i>	<i>(\$441,984)</i>	<i>-19.90%</i>
Utilities	\$119,824	\$133,737	(\$13,913)	-10.40%
Scholarships, Tuition	\$0	\$0	\$0	
Other Operating Expenses	\$5,861,104	\$8,958,488	(\$3,097,384)	-34.60%
<i>Subtotal Other</i>	<i>\$5,980,928</i>	<i>\$9,092,225</i>	<i>(\$3,111,297)</i>	<i>-34.20%</i>
Total Expenditures	\$7,761,259	\$11,314,540	(\$3,553,281)	-31.40%

An increase in both personnel and other operating expense is anticipated to accommodate transferred expenses that were previously afforded on the general funds. While Other Operating Expenses outpace Revenues, the majority of TFSF expenses are payments towards existing University commitments that are covered by a direct assessment from the campuses. Such commitments represent shared investments in services that are jointly funded by the campuses to achieve economies of scale and consistency that would not be available through individual action. These include the UH Foundation contract for private fundraising, stewardship and alumni relations, eBuilder, and NeoGov.

Net Operating Income

Net Operating Income (TFSF)	FY21 Projected
Net Operating Income	(\$407,569)
Beginning Balance	\$14,758,952
Ending Balance	\$14,351,383
Other Reserve Requirements (IT debt service, UHF payment)	\$4,500,000
Revised Ending Balance	\$9,851,383
Reserve Requirement (5% Minimum)	\$2,213,797
Balance Above Minimum Reserve After Adjustments	\$7,637,586

RESERVES

In 2015, the Legislature passed Act 236 which annually requires moneys from each campus's TFSF to lapse to the credit of System. As a result, System begins FY21 with an unencumbered cash balance of \$85.94 million after \$167.24 million in FY20 unencumbered cash balances were swept from the campuses. Of this amount, \$18.60 million is held centrally by System as the 5% TFSF reserve requirement for Hilo, West O'ahu, the Community Colleges, and System itself. A total of \$167.34 million will be returned to the campuses for inclusion in their FY21 campus operating budgets.