Budget Workgroup (BW)
Summary Points of Meeting
May 15, 2009
Hawai‘i Hall Room 309
8:00 am – 10:00 am

Attendees: Kathy Cutshaw, Christine Sorensen, Reed Dasenbrock, Ross Christensen, Marla Acosta, Tom Ramsey, Gary Ostrander, Maenette Benham, Annette Chang, Francisco Hernandez, Alan Teramura, Ann Sakuma
Not in Attendance: Tom Bingham, Peter Crouch, Klaus Keil
Guest: William Hamilton – UH Press

Budget Update:
Conference budget that was released recommends the full $34.2M hit to general funds for UH Mānoa with a back fill of $14.7M in stimulus money per Governor Lingle. Stimulus funds have not yet been requested by the governor. Deadline to request is June 2009.

Use of stimulus money will come with requirements. The primary intent of stimulus funds is for states to use as operational funding to stabilize education during this period, to bring operational dollars back to level. There are no further specifics at the federal level. There may be conditions at the state level once released. 18.2% of the stimulus total is governor’s discretionary money. Funds are not to be used for construction.

The governor has not yet balanced the budget. Another downward projection is expected at the May 20 Council on Revenues meeting. B&F is talking about restricting UH again this year.

It has been recommended that this committee be made permanent to facilitate long term planning for UH Mānoa. If and when stimulus monies are received, the committee will recommend how to reinvest the funds based upon internal reallocations and prioritizations of the campus.

Available options using tuition funds are being evaluated to carry UH Mānoa forward through the biennium. Unlike other state departments, UH has ability to use tuition money.

Gary is working with Jim Gaines on the return of the $5.1M in RTRF to the state by the June 1 deadline. The $5.1M is a system total and thus, Mānoa’s portion will be less.

UHPA (faculty union) had two meetings on campus to cover the budget situation. JN Musto stated that the governor wanted to furlough 32 days beginning July 1, 2009 to continue to fully fund retirees with the possibility of additional days as budget shortfall data comes in. UH has
three (3) votes. No official proposal on the table. UHPA says it is illegal to furlough without an agreed contract by both parties. For DOE, governor is not affecting instructional period. Furlough days will be consolidated and taken during the Christmas and New Year holiday. Details are in discussion.

With the budget situation still up in the air, UH Mānoa will prepare for the $34.2M cut and work to make recommendations if the stimulus money comes in. Kathy will summarize details of the $34.2M for Mānoa in the coming weeks. This will include the four percent (4%) worked out by the campus departments.

Discussions with Todo:
- Clarified what carry forward balances is really under UH Mānoa.
- Pushing for housing funds to be placed under UH Mānoa. President working to restart the financial assistance program.

Tobacco Funds:
- The $4.2M per year tobacco settlement money that goes to JABSOM is to be left alone.
- The six (6) cents collected in cigarette tax money is divvied up to various departments and programs, including the Cancer Research Center. A proposal is out to flip the $40M (money accumulated by the Cancer Center thru this tax so far) out with revenue bonds to build the center. The problem with the proposal is that revenue bonds are not allowed to cover operations, debt service, hiring faculty, etc., items planned for the cigarette tax money collected. Cigarette tax generates approximately $20M for the Cancer Center.

All special funds and carry forward funds were reviewed by the legislature. Governor has authority to sweep balances and not give out money. Governor will continue hiring freeze next year, with the exception of positions affecting health and safety. Clerical hires need governor’s approval.

Collective bargaining: Union contracts expire June 30, 2009. Currently, negotiations are at a standstill with no valid proposals on the table. Union contract scheduled for executive session at next BOR meeting (May 29, 2009).

An increase in reorganizations is expected given the budget situation. Mānoa Human Resources has been asked to do training on reorganizations for FO/AO/POs. Support received from CAB, SEC, etc. Reorganization proposals will be posted on the PPG website so groups and unions can review proposals and comments.
Outreach College: Reed met with Peter Tanaka to label operations that are working fine and those that are not with recommended changes. May lose G-fund support and thus, need to come up with concrete suggestions to be self-sustaining. Need to evaluate how Outreach College is functioning within the whole scheme of things and how it should be restructured to be more efficient. This may be a key area for revenue generation.

Francisco and Reed will form a management team to review enrollment issues. Kathy will also be participating. What kind of enrollment goals does UH Mānoa have for itself? This question will be reviewed in detail over the summer to establish concrete goals. Other discussions will include modeling academic scenarios to see what will work best for Mānoa and developing a long-term strategy for revenue sourcing. Gathering relevant data is taking place now for the team to review during the summer. These discussions will eventually address the international cap (30%) currently in place for Mānoa. Need to figure out what UH Mānoa wants to do before the cap issue can be addressed, a potential revenue stream.

How to reward teaching efforts is also a key component to develop for UH Mānoa. University of Colorado pulls 70% of faculty from out-of-state. Need to look at number of students at Mānoa, the mix of students, the economic side of the equation, financial analysis, and tuition waivers. In other words, Who’s here? Who pays? Who doesn’t pay? etc.

Increase in Manoa’s tuition has moved students away to community colleges. What can be done to get students to return to Mānoa, especially those that can afford higher education and want degrees?

Salary savings from employees that retire, pass away, etc., are left to the Deans and Directors at the college level. The bigger issue is position control which is currently delegated to Deans and Directors. Do we want to have central position control? Vacancy data is available but not how the salary savings are being used by the units.

UH Mānoa does not get any interest from revenues collected. System does.

**UH Press Business Plan:** by William Hamilton

UH Press Editorial Board (see attached): Most have been on the board for ten (10) years.

- Board decisions have produced tangible outgrowth.
- Represents the focus on what is on the list to be published.

Strategic plan handout: generalities, not a day-to-day operating guideline

Publication prices are set by market rate.

Deferred income: roughly $973K
Two (2) sets of financial records kept at UH press: data from FMIS and one to generate financial reports.
The non-financial benefits the UH press gives the University include prestige and knowledge from scholarly publications.
There are currently two (2) staff members supported by G-funds operating the journals. Option is to have journals, which are done electronically, cover the cost of the two staff positions to be totally self-sustaining.
Reed will review the details of UH Press and come back with alternatives for committee’s review.
Ann will set date with Outreach in two weeks. International Programs to present next week.

Next Meeting: Friday, May 22, 2009 at 8:00 am in Hawai‘i Hall 309.