Budget Workgroup (BW)

Summary Points of Meeting
June 5, 2009
Hawai‘i Hall Room 309
8:00 am – 10:00 am

Attendees: Kathy Cutshaw, Christine Sorensen, Reed Dasenbrock, Ross Christensen, Tom Ramsey, Gary Ostrander, Maenette Benham, Tom Bingham, Peter Crouch, Francisco Hernandez, Alan Teramura, David Ross, Ann Sakuma
Not in Attendance: Annette Chang, Marla Acosta
Guest: Peter Tanaka – Outreach College

Budget Update:

- Per Governor Lingle’s directive, an additional $53M in g-fund cuts will apply to the UH System which will translate to an additional $31M for UH Mānoa. The UH administration is checking on the base figure used to reach the above amounts since the inclusion of fringe benefit expenses should incur greater savings than originally stated.
- No assurances yet regarding stimulus monies which are one time funding targeting certain areas with restrictions and reporting requirements.
- Unions are working together to discuss proposals on the table, including policy for the University regarding furloughs, vertical cuts (elimination of programs and services), and abolishment of temporary hires. Retrenchment will also need to be on the table to meet the additional $31M budget reduction.
  - If UHPA agrees to faculty pay lag, the University will save approximately $6.5M (one time savings). This option is still in discussion.
  - There is union consensus and support for consolidating furlough days over the winter break (approximately 15 days from last day of finals to after New Years). This option will also reap energy savings through building closures.
  - No official proposal yet on the table for consideration.
- Retrenchment: May be unavoidable given the additional $31M cut to Mānoa’s budget. Clear procedures will need to be outlined for proper program review and approval up the chain of command to ensure thoughtful reductions that meet the University’s vision and mission.
- Furloughs will affect health and retirement benefits.
- Early Retirement: Look into early retirement incentives. An increase in voluntary retirements is projected two (2) years from now.
- Other options being considered: pay cuts and revolving fund carry forward balances.
- Bottom line: Out of the $38M in cuts to Mānoa, $28M can be implemented immediately on July 1, 2009 based upon the 4% budget reduction worked out by units and through
cost transfers. How the balance $10M will be met needs to be reviewed and decided upon. The above does not take into consideration stimulus funds. The excess in tuition funds is projected to be only $6M with RTRF projections currently under review.

- The University of Arizona website on furloughs reveals the complexity of this issue relating to funding type, contracts, child support, etc.
  - Furlough FAQs: http://www.hr.arizona.edu/furlough_faq
  Will worker’s compensation benefits apply for employees who come to work on furlough days? Many questions, such as this, will need to be answered.

- University of Hawai‘i Professional Assembly (UHPA):
  - UHPA going to court over the furloughs.
  - Discussions between UHPA and UH needs to take place and an agreement reached to continue the existing contract if the new contract is not finalized by June 30.
  - Proposals need to be presented as a system-wide plan and thus difficult, if not impossible, to move proposals forward to just meet the needs of UH Mānoa. Discussions will need to take place between campuses.

- Committee recommends drafting a reasonable plan supported by faculty and staff which includes faculty payroll lag, closing over the winter holiday season, and clear position on retrenchment to at least meet part of the cuts. Other considerations brought forth include vertical cuts and projected waive of retirements in two years. Move to finalize as a campus.

- Suggestion: Negotiate with the governor to use the rainy day funds (approx $300M) to cover University cuts until the projected waive of retirements happens in two years.

- Recommend to plan for the worse to avoid being in a similar situation as California. Must look and plan for the long term. Acceleration in tuition with commitment to financial aid. Ensure enrollments don’t dip.

- There is a need for increased efficiencies across all campuses… are we going to lead the challenge? With new leadership, it will take time to develop. Important for UH Mānoa to help educate the new President and to have a transparent discussion on serious issues affecting the campuses.

- Primary channel of communication to bring issues and proposals forward is the chancellor to the president. We need to do a better job marketing UH Mānoa. We have an opportunity to establish new procedures and to educate the new administration and regents. Need effort to coordinate ways in which the UH system can save money.

- Attraction to stay local is strong due to the current tough economic situation. What is it that we are going to do for the person that wants to stay on the neighbor islands vs. come to Mānoa?…. distance education. Many students would like a Mānoa degree but cannot afford it. Need to outline a plan to meet student needs better. Mānoa has the infrastructure and knowledge…just need to put it together. There is also a need to have closer relationships with the community colleges…such as the 3+1 programs.
• Going forward, the BW will work through the campus prioritization process to move recommendations forward through implementation.

**Outreach College (Peter Tanaka) - handouts attached:**

- Surplus in credit account / deficit in non-credit account. Two (2) separate HRS statutes governing the accounts do not allow co-mingling of funds.
- John Young (JY) Museum is maintained under the non-credit account. JY Foundation contributes a six figure scholarship annually to the university which is managed by Arts and Sciences. Endowment is now approaching $1M to be used for arts related scholarships under a presidential agreement. Is it appropriate for Outreach to be managing this art collection? Should the museum be managed by Arts and Sciences?
- Need to be very careful about donations involving artwork, homes, and boats because the cost of maintaining them is usually so much more.
- Kathy will have her financial staff review the numbers for Outreach College and draft a snapshot for the committee’s better understanding.
- Recommend to review cultural enrichment programs for possible income generating opportunities for the university.
- Currently, unclassified students have their home institution as Outreach College by default (approximately 500 students each semester). One (1) person under the credit program (not g-funded) is working and advising these day students. Reed will review and work with Peter Tanaka and Ron Cambra on this issue.
- Maui Outreach Program: Students living on Maui can obtain a Mānoa degree via online or classes taught on Maui by Outreach teachers. Currently two (2) Maui staff. Income collected goes to Outreach.
- One (1) g-fund supported staff heads non-credit program. There are two (2) competing programs teaching English – one at LLL and one at Outreach. In order to better promote student success here at UH Mānoa, need to review class offerings and eliminate redundancy.
- Recommend Outreach to focus their review on programs losing money and to either turn them around or eliminate.
- Credit program agreements should be standardized. Need for consistency and transparency. Recommend Outreach draft and formalize a procedure that can be published on the University website.
- Tuition for summer credit programs at Outreach is established by BOR.
- Summary:
  1- Inherited programs and people. Need to review staff and programs for practicability and fit with overall campus objectives.
  2- Need to review the non-credit program which has been losing money annually.
3- The role of Outreach College during the regular school year needs to be ancillary. Discussions by the academic community need to take place to ensure consistency on issues such as distance learning and credit courses.

4- Summer session: Academic conversation needs to take place on the ancillary role of Outreach and how it fits into the overall campus structure and operation. Programs that assist students in graduating on time and play a key role in minority student achievement is recommended for investment and expansion.

- At what cost is the profit side of Outreach College making money? Recommend to review the effects the current structure is having. There is a need for more transparency.
- UH Mānoa has to promote distance learning. Is Outreach College the most appropriate unit for distance learning? If not, which unit is? Do we want monopoly power to go to one unit on distance learning? There is a need for serious conversation on which course of action would work best for this campus.
- Conference center organizational chart: supporting two (2) staff members on revolving funds (see attached charts).

Other Business:

- Effective July 1, 2009, UH Mānoa will be pushing for Mānoa Green Days (MGD) and will shut off the air condition (a/c) units in select buildings over the weekends.
- UH Mānoa has been in contact with high school counselors regarding students who want to come to Mānoa but are reconsidering due to their financial situation. The University is willing to work with them and have set up workshops to address these issues.
- Tuition waivers are mainly for graduate assistants, regardless of where they are from. This year, subsidized tuition totaled $54M. Not a sustainable model. Many of the graduate assistants are hired thru the research units and thus, need to evaluate whether RTRF should be used to cover tuition for these students.
- The athletic department’s deficit will increase $3M this year and another $3M next year. Cumulative debt is estimated to rise to $10M by end of biennium.
- $5M more in carry forward funds are projected due to higher tuition collection and lower utility cost usage.

No meeting next Friday, June 12, 2009. Next meeting will be on June 19, 2009 in Hawai‘i Hall Room 309.