CAMPUS BUDGET BRIEFING
SEPTEMBER 23, 2009

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VICE CHANCELLOR FOR
ADMINISTRATION, FINANCE & OPERATIONS
Agenda

• Systemwide Biennium Budget Reductions
• Mānoa Budget Reductions
• Current Actions to meet Reductions
• Future Considerations
System-wide Budget Reductions and Restrictions
Biennium 2010-2011 - $100M

- Mānoa
  - $66M
  - (G-Fund Reduction: 25%)

- Hilo
  - $7M
  - (G-Fund Reduction: 20%)

- West Oahu
  - $1M
  - (G-Fund Reduction: 19%)

- Community Colleges
  - $22M
  - (G-Fund Reduction: 19%)

- UH System
  - $6M
  - (G-Fund Reduction: 12%)
Biennium Reductions and Restrictions Detail

- **Executive Reduction**
  - December 2008:
    - Manoa: 3.1%, $7.9M
    - Hilo: 3.4%, $1.2M
    - West Oahu: 3.0%, $0.2M
    - Comm College: 2.8%, $3.5M
    - UH System: 1.6%, $0.7M
  - Legislative Reduction
    - May 2009:
      - Manoa: 10.3%, $26.2M
      - Hilo: 4.4%, $1.6M
      - West Oahu: 2.7%, $0.2M
      - Comm College: 2.8%, $3.5M
      - UH System: 2.3%, $1.0M
  - Executive Restriction
    - June 2009:
      - Manoa: 11.5%, $29.5M
      - Hilo: 11.6%, $4.1M
      - West Oahu: 12.5%, $0.8M
      - Comm College: 11.2%, $14.1M
      - UH System: 8.2%, $3.6M
What does this mean for Mānoa?
Mānoa Budget Reductions and Restrictions

(In Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>General</th>
<th>Net Tuition Revenue</th>
<th>RTRF</th>
<th>Prelim</th>
<th>Projected</th>
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<tbody>
<tr>
<td>FY 2006</td>
<td>$293.0</td>
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<td>$21.6</td>
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<td>FY 2007</td>
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<td>$24.1</td>
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<tr>
<td>FY 2009</td>
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<td>$100.0</td>
<td>$26.0</td>
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<tr>
<td>FY 2010</td>
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<td>$119.3</td>
<td>$28.0</td>
<td>$198.0</td>
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<tr>
<td>FY 2011</td>
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<td>$121.1</td>
<td>$28.0</td>
<td>$198.0</td>
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<tr>
<td>FY 2012</td>
<td>$357.9</td>
<td>$131.9</td>
<td>$28.0</td>
<td>$198.0</td>
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</tr>
</tbody>
</table>

-25.0% -66M

+19.3% +19.3M
Mānoa Budget Reductions and Restrictions with Stimulus

(In Millions)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Stimulus</td>
<td>$293.0</td>
<td>$243.5</td>
<td>$264.0</td>
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<td>$357.9</td>
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<tr>
<td>General</td>
<td>$205.8</td>
<td>$222.9</td>
<td>$243.5</td>
<td>$390.0</td>
<td>$212.7</td>
<td>$212.7</td>
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<tr>
<td>RTRF</td>
<td>$65.7</td>
<td>$78.2</td>
<td>$87.7</td>
<td>$100.0</td>
<td>$119.3</td>
<td>$121.1</td>
<td>$131.9</td>
</tr>
</tbody>
</table>

+19.3%\
+19.3M\
+19.3%\
-14.7%\
-6.9%\
-14.7M
General Fund Reductions - $66M
Planned vs. Actual Reduction Strategies

<table>
<thead>
<tr>
<th>Planned - June 09</th>
<th>Planned - Aug 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2010</td>
<td>FY2011</td>
</tr>
<tr>
<td>FY2012</td>
<td></td>
</tr>
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</table>

- **Stimulus, $14.7M**
- **Tuition, $14.0M**
- **Salary Reductions, $14.2M**
- **Schools/Colleges/Admin, $23.2M**
- **Other, $3.0M**
- **Other, $2.1M**
- **Shortfall, $4.4M**
- **Shortfall, $14.0M**
- **Shortfall, $19.9M**
- **Shortfall, $30.1M**

Planned - June 09
Planned - Aug 09
FY2010
FY2011
FY2012
Tuition Revenue
Planned Investments

• Tuition increase of 136% over 6 years (FY06 through FY12) approved by the BOR committing the increased revenues to be reinvested into students.

• Investment Plan included
  – Additional Scholarship – over and above the required 15%
    • 1% increase per year through 2012
  – Repairs & Maintenance
    • $2M per year
  – Focus on Student Success Initiatives
### Projected Tuition Revenue vs. Expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenditure</th>
<th>Shortfall</th>
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<tbody>
<tr>
<td>FY2009</td>
<td>$126.1M</td>
<td>$114.9M</td>
<td>Carryover: $11.2M</td>
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<td>FY2010</td>
<td>$150.6M</td>
<td>$151.0M</td>
<td>Shortfall: -$0.4M</td>
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<tr>
<td>FY2011</td>
<td>$155.5M</td>
<td>$159.2M</td>
<td>Shortfall: -$3.7M</td>
</tr>
<tr>
<td>FY2012</td>
<td>$169.3M</td>
<td>$177.0M</td>
<td>Shortfall: -$11.2M</td>
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</tbody>
</table>

**Program Allocations:**
- **Revenue:** Green
- **Expenditure:** Orange
- **G-Fund Deficit:** Red
- **Commitments:** Blue

**Key Notes:**
- **Revenue** and **Expenditure** values are in millions of dollars.
- **G-Fund Deficit** and **Commitments** are shown as separate categories within the budget allocation.
Unknowns

- Enrollment
- Collective Bargaining Negotiations
- State Economy
- Retirements
The Future
FY2012 & Beyond

• Budget Workgroup: Was formed in January 2009 to look at short-term budget solutions

• Prioritization Committee: Was formed in July 2008 to look at long term investment strategies.

• We are now at a point in both discussions where the budget workgroup needs to be informed by academic priorities

• And prioritization needs to be informed by budget.
The Future
FY2012 & Beyond

• We have combined the two committees into one: the budget prioritization workgroup

• The overall objective of this committee is to provide the Chancellor and the campus community with medium and long-term recommendations based on UH Mānoa’s priorities informed by fiscal realities.

• Web site:  http://manoa.hawaii.edu/ovcafo/BPW/
The Future
FY2012 & Beyond

• This committee is looking at the campus from a 360 degree perspective – administrative operations, instructional, students, and research.

• Among the topics being discussed at this time are:
  – Enrollment Management
    • undergraduate and graduate
  – Potential Reorganizations
    • Operational efficiencies
    • Duplications of services
  – Tuition
    • Waivers
    • Graduate school tuition differential
Take Away Message

• Mānoa’s base budget was reduced by $66M effective July 1, 2009

• Our June Proposed Reduction -- $66M
  – Stimulus
  – Tuition Revenues
  – Salary Reductions via Furloughs
  – School/College/Administrative reductions
Take Away Message

• In the absence of salary reductions,
  – An additional reduction of up to 6% was allocated to the units
    • We do not know the full programmatic impact of these cuts
  – If 100% of the projected increased tuition is directed towards the problem:
    • We have zero contingency in case of emergency
    • Allows no investment in students

And still,
we are projecting a $11.2M shortfall in FY2012