MEMORANDUM

TO: Virginia S. Hinshaw
   Chancellor, University of Hawai‘i at Mānoa

FROM: Budget Workgroup

After carefully considering a number of potential budgetary actions in response to the legislatively mandated budget reductions, the Budget Workgroup (BW), in consultation with the Budget Prioritization Workgroup (BPW), is recommending that the following items warrant further campus discussion regarding feasibility, implementation strategies, actual financial impact, efficiencies, and impact of the proposed action. These are mid- to long-term budget action items intended to help mitigate the $10 to $15 million budget shortfall expected when the stimulus funds expire in FY 2012.

- **Increase undergraduate (in-state and out-of-state) enrollment** ($5-$7 million potential net revenue increase).

- **Increase administrative efficiencies by merger (friendly) of colleges/schools with fewer than 30 faculty with larger colleges/schools** ($2-$3 million potential savings - executive salary savings plus an estimated 20% reduced operating costs).

- **Eliminate general fund subsidies to all revolving fund operations** ($2 million potential savings).

- **Increase salary savings by promoting retirements, including using non-financial incentives** ($2-$5 million potential savings (50 retirements@100K; lower range if replace with junior faculty)).

- **Explore increasing revenue generating opportunities in all colleges/schools/professional schools/programs, i.e. increase professional school tuition, special fees and charges** ($2 million potential revenue).
• Require a business plan from all programs running a deficit with the long-term goal of making them self-sufficient.

• Privatize transportation services.

• All centers should be analyzed to determine function, value, cost, and continuation.

• Advising: Strengthen the Council of Advisors; require all advising units to use STAR; all hiring should be delayed until STAR is fully utilized. New advisers should be hired as APTs.

There are two important points to be made here.

1. These items are among a large list of potential revenue enhancing/cost containment issues that are being discussed by both the BW and BPW. These particular items were not put forward in order of priority or cost-savings potential. Rather, these items rose to the top simply because we had preliminary data supporting further consideration. Analyzing our ability to meet our budget cuts is an on-going process and the BW will continue to move items forward for your consideration as they are more fully discussed.

2. In the final analysis, not all of the above proposed items may ultimately be appropriate for implementation. Those that are will proceed through already established procedures.

The attached flowchart summarizes the consultation process that these action items should follow.

The BPW, and all sub-committees, will continue to meet and the BW will forward additional recommendations to you as they are vetted.

Attachment: Flowchart

c: Budget Workgroup