I. BACKGROUND

Due to a variety of factors, the revenues available to fund UHM expenditures have decreased to the point where many UHM units are relying upon carry-over balances to fund routine operating expenditures. The general fund allocation for FY 2015 is lower than expected due to a spending restriction implemented by the Governor. The tuition fund revenue projection for FY 2015 has been reduced to reflect declining enrollment numbers and increasing amounts awarded as waivers and scholarships. Major campus level obligations over the past several years, including funding utility increases, renovating Edmondson Hall and Gartley Hall, and a variety of necessary unit base budget augmentations, have further eroded the campus TFSF reserves.

The intent of the FY 2015 Budget Execution Policies is to slow the rate of carry-over decline and to begin to rebuild campus reserves.

II. SCOPE AND APPLICABILITY

These policies provide guidance in implementing the operating budget for FY 2015.

The execution policies apply to all general, special, federal (excluding extramural) and revolving funds appropriated to UH Mānoa, including prior year balances. Expenditure of these funds is subject to the applicable policies and procedures specifically stated herein and to specific policies and procedures issued by the Governor, the Board of Regents, the UH President and Mānoa Chancellor.

The policies and guidelines are subject to modification should any of the officers listed above change existing policies or implement new policies. The Mānoa Budget Office will issue revised guidelines and instructions to implement changes as appropriate.

III. GENERAL STATEMENT OF POLICY

A. Governor’s Restriction

Per the Executive Budget Execution Policies and Instructions for FY 2015 issued by the Governor in Executive Memorandum No. 14-06, a 5% restriction to mitigate the impact of lower-than-projected revenue for FY 2014, and a 5% contingency restriction to address potential declines in FY 2015 revenue, have been imposed on discretionary general fund appropriations. The 5% contingency restriction may be adjusted later in FY 2015 based upon actual tax revenues and updated revenue forecasts. The restriction will be reflected in each unit’s FY 2015 allocation as an across-the-board reduction.
B. **Base Budget Redistributions**

Vice Chancellors may redistribute 3% of each unit’s base budget to meet critical core teaching and research functions. As applicable, such reallocations will be reflected in the units’ FY 2015 allocations.

C. **Budget Hearings**

Vice Chancellors will hold biannual budget hearings with the units to be scheduled in early Fall and mid Spring. Specific details and submission requirements will be issued at a later date.

IV. **ALLOCATIONS**

A. **General Fund / Tuition Allocations**

The Governor’s restrictions will be assessed against each unit’s final FY 2014 total allocation, adjusted for non-recurring augmentations. An additional 3% assessment may be made for internal reallocation at the discretion of the unit’s respective Vice Chancellor.

B. **Expenditure of General Funds**

Mānoa units are required to fully expend their General Fund allocations no later than May 31, 2015. This will require that personnel charged to General Funds must be transferred to TFSF S397 funds for payroll to be paid in June 2015. This is intended to allow sufficient time to meet year-end recording and reporting requirements. As a reminder, only BJ1 (permanent positions) and BT1 (budgeted temporary positions) originally appropriated as General-Funded positions (Means of Financing = A) may be moved to S397 funds.

C. **Carry-over Balances**

In order to balance the Mānoa Campus FY 2015 budget, units are instructed to maintain/increase FY 2014 carry-over balances in TFSF (Regular, Summer and Outreach Credit). Those units that ended FY 2014 with TFSF deficits must submit a plan to their cognizant Vice Chancellor and the VCAFO detailing how the deficits will be reduced/eliminated for FY 2015.

D. **Reserves**

In accordance with BOR policy, Executive Policy E8.210 (System-Wide Financial Reserves) mandates a 5% minimum operating reserve (calculated as a percent of prior year general/tuition expenditures). Units unable to meet the
reserve requirement in FY 2015 must submit a plan to their cognizant Vice Chancellor and the VCAFO detailing how and when this requirement will be met.

V. POSITION MANAGEMENT

A. FY 2015 Procedure

The July 15, 2014 memo outlining the hiring freeze has been repealed. Hiring procedures for FY 2015 are described herein.

For those units that ended FY 2014 with positive balances, Deans/Directors are delegated the authority to hire, within current year FTE and funding allocations, the following types of employees: APTs, civil service, lecturers, graduate/teaching assistants, student help, and casual hires. For those units that ended FY 2014 with negative balances, Deans/Directors must obtain prior approval to hire from the unit’s cognizant VC and the VCAFO. A hiring plan encompassing multiple positions may be submitted to the unit’s cognizant VC and the VCAFO for approval.

Approval from the unit’s cognizant VC and the VCAFO must be obtained in order to hire faculty and Executive/Managerial positions (permanent and temporary) funded with General Funds, TFSF (Regular, Summer and Outreach Credit), and RTRF. Approval should be obtained in writing prior to the commencement of recruitment, and positions must be accommodated within current year FTE and funding allocations.

Approval from the unit’s cognizant VC and the VCAFO is also required for APT salary adjustments (SCAs) funded with General Funds, TFSF (Regular, Summer and Outreach Credit), and RTRF; justification must be based on urgency and necessity.

Special Salary Adjustment requests for faculty, once initiated, must proceed through the entire process. However, adjustments from General Funds, TFSF, and RTRF will not be recommended for funding except for cases justified based on urgency and necessity. Deans/Directors should refrain from initiating SSA’s for faculty on these sources of funds unless they have received approval from the unit’s cognizant VC and the VCAFO.

B. 2013 Position Management Process

The UHM position management process implemented in June 2013 is now repealed. Subject to approval of the cognizant VC and VCAFO (as described in Section V.A. above), units may hire within current year FTE and funding allocations. Forms requesting to advertise and requesting position counts will no longer be required.
C. Temporary Positions

The provisions of Section 113 of Act 134, SLH 2013, as amended by Act 122, SLH 2014, relating to unauthorized (non-BT1) temporary positions, are still in effect. Written notification to the legislature is required at least 14 days prior to commencing recruitment, or if no recruitment occurs, making an offer to fill the position. Section 113 notification procedures are on Attachment 1.

VI. ENTERING BUDGETS IN KFS

A. Allocation and Revenue Budgets

General Funds – MBO will distribute the general fund allocations to the budget control account for each unit’s budget plan as an expenditure budget.

Regular Tuition – MBO will distribute the tuition special fund allocation to the budget control account for each unit’s budget plan as an allocation budget.

Outreach Credit and Summer Tuition – Outreach College will distribute the allocations to the budget control account for each program’s budget plan as an allocation budget.

RTRF – Office of the VC for Research will distribute the allocations to the budget control account for each unit’s budget plan as an allocation budget.

Other Special and Revolving – Units with other special and revolving funds should load revenue budgets at the Budget Plan ID level. Loading of revenue budgets shall be completed by September 24, 2014.

B. Expenditure Budgets

General Funds – Since general fund allocations are distributed as expenditure budgets, no further action is required by Mānoa units unless they wish to push down expenditure budgets to program accounts below the Budget Plan ID level.

Regular Tuition, Outreach Credit and Summer Tuition, RTRF, and all other Special and Revolving Funds - Expenditure budgets should be loaded at the unit’s Budget Plan ID level.

Loading of expenditure budgets shall be completed by September 24, 2014.

The expenditure budget cannot exceed the unit’s current FY allocation.
C. Expenditure Budget Object Codes

The Mānoa Campus will use the CGS Budget Pool Object Codes to enter FY 2015 expenditure budgets in KFS:

- C100  Regular Employee Salary
- C101  Overload
- C102  Casual
- C103  Student Help (Regular)
- C104  Student Help (Workstudy)
- C105  Fringe Benefits
- C106  Services – Fee Basis
- C107  Materials & Supplies
- C108  Travel – Domestic
- C109  Travel – International
- C110  Print & Publications
- C111  Utilities
- C112  Rentals
- C113  Repairs
- C114  Tuition
- C115  Stipends & Allowances
- C116  Equipment
- C117  Other

D. Carry-over Budgets

Carry-over budgets for TFSF will be entered in KFS; however, as noted above in Section IV.C., carry-over balances are restricted and must be either maintained or increased in FY 2015.
FILLING OF TEMPORARY POSITIONS

Effective July 1, 2013, all state agencies are required to provide notification to the legislature 14 days prior to commencing recruitment for a temporary position or, if no recruitment occurs, making an offer to fill a temporary position (per Budgetary Proviso, Section 113 of Act 134, SLH 2013, as amended by Act 122, SLH 2014). This proviso applies to positions on any fund source, including appropriated federal funding and extramural funding. With the following exceptions, the proviso applies to all temporary positions INCLUDING civil service positions.

Exceptions – the following types of positions are not subject to this requirement:
- appropriated temporary positions (as listed on BT Tables);
- Lecturers;
- Graduate Assistants and Student Hires;
- Casual Hires; and
- RCUH positions.

Mānoa programs must complete an SF-1 Request for Position Action form prior to commencing recruitment for any temporary position. The original SF-1 forms should be retained at the program offices, with the exception of SF-1 forms for Executive/Managerial positions which should instead be forwarded to Mānoa Human Resources.

On a weekly basis, as applicable, programs must complete the Section 113, Notice of Recruitment or Hire of Temporary Unbudgeted Position worksheet (contact the Mānoa Budget Office for the Excel form) listing non-BT temporary positions for which recruitment will be conducted, or if no recruitment occurs, an offer will be made. The worksheet and copies of the SF-1 forms for the positions listed on it must be sent to the Mānoa Budget Office via email to sergent@hawaii.edu with copies to shirata@hawaii.edu and comuro@hawaii.edu each Friday by 4:00 p.m.

Since Section 113 requires advance notice of recruitment, recruitment may not commence for 14 days after the Friday submission deadline.