I. BACKGROUND

UHM budget policy for FY 2017 will continue most of the measures in place for FY 2016. Tuition carryover balances as of June 30, 2016 may not be expended in FY 2017. Hiring procedures have been modified to eliminate the requirement for VCAFO approval for personnel actions in units that ended FY 2016 without utilizing TFSF carry-over. Beginning in FY 2017, tuition funds will be assessed for vacation pool charges for permanent leave-accruing employees paid from general funds or tuition funds. Minor changes have been made to the procedures for entering of budgets into KFS.

Initial allocations have been released by University Budget Office (UBO) to the campus. However, the allocations do not include performance-based funding or new funding for Title IX and Athletics as these amounts have not yet been released. The allocations include UBO’s estimate of Collective Bargaining (CB) augmentations for all bargaining units, but do not yet include augmentations for Executive/Managerial employees. Mānoa Budget Office (MBO) is reconciling these estimates and may make adjustments in future quarters.

Although a tuition increase of 5% is in effect for Academic Year 2017, UHM enrollment is projected to continue to decline and therefore tuition revenue is projected to be flat for FY 2017. Fall 2017 enrollment numbers are lower than projected, which is expected to result in actual revenues lower than originally estimated. Adjustments to allocations will be made in future quarters once general fund allocations and tuition revenue collections are finalized.

II. SCOPE AND APPLICABILITY

These policies provide guidance in implementing the operating budget for FY 2017.

The budget 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 stated herein and to specific policies and procedures issued by the Governor, the Board of Regents, the UH President, and the 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.
UHM Budget Execution Policies FY 2017
(continued)

III. GENERAL STATEMENT OF POLICY

A. Governor’s Restriction

Per the FY 17 Budget Execution Policies and Instructions issued by the Governor in Executive Memorandum No. 16-02, a restriction has again been imposed on discretionary general fund appropriations. The restriction is already reflected in each UHM unit’s FY 2017 allocation.

B. Budget Review Meetings

Vice Chancellors will hold budget review meetings with UHM units in Fall 2016. Follow up meetings may be held as necessary in Spring 2017.

IV. ALLOCATIONS

A. General Fund / Tuition Allocations

The Governor’s restriction taken on the FY 2016 total allocation has not been restored.

Funding for collective bargaining increases for Units 01, 02, 03, 04, 07 and 08 has been approved. The estimated CB amounts have been included in the initial allocation. Merit increases for Executive/Managerial employees are expected to be approved at the September Board of Regents meeting; augmentation for these increases will be included in a subsequent allocation.

The CB augmentations are split by recurring and non-recurring adjustments based on allocations received. The non-recurring allocation amounts are for FY 2017 only and will be reversed out the following fiscal year.

B. Expenditure of General Funds

General Funds may only be used to pay for permanent positions (BJ1 positions) and budgeted temporary positions (BT1 positions) that were originally appropriated as General-Funded positions (Means of Financing = A). In addition, only these two types of positions may be paid from S397 funds.

Mānoa units are requested to fully expend their General Fund allocations no later than June 20, 2017. Only minimal correcting adjustments should be made after that date, in order to allow sufficient time to meet year-end recording and reporting requirements.
C. Vacation Reserve Assessment

**Background**

Beginning in FY 2017, UH System established a terminal vacation payout pool to pay for accrued vacation balances. A 1.8% fringe rate is being assessed on payroll costs for all leave accrual eligible employees. For employees on imposed accounts, the fringe rate assessment is charged directly to the account. For employees on non-imposed accounts, UHM will recharge units for the assessment.

After the last payroll date for each quarter, MBO will initiate a cash transfer (TF) to assess each unit its 1.8% vacation assessment based on actual amounts for their employees on non-imposed accounts. The account charged will be the unit’s TFSF budget control account. Units that do not receive a TFSF allocation will need to provide MBO an appropriate account code to transfer the cash from. Units are reminded to plan and budget accordingly.

D. Carry-over Balances

In order to balance the Mānoa Campus FY 2017 TFSF budget, units are once again instructed to maintain/increase FY 2016 carry-over balances in TFSF (Regular, Summer and Outreach Credit). Those units that ended FY 2016 with cumulative TFSF deficits must submit a plan to their cognizant Vice Chancellor and the VCAFO detailing how the deficits will be reduced/eliminated for FY 2017. This plan should be submitted for the Fall 2016 budget review meetings.

E. 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 2017 must submit a plan to their cognizant Vice Chancellor and the VCAFO detailing how and when this requirement will be met. This plan should be submitted for the Fall 2016 budget review meetings.

V. POSITION MANAGEMENT

A. FY 2017 Procedure

The hiring procedures for FY 2017 are described herein.

**Faculty Positions:**

For all Mānoa units, approval from the unit’s cognizant VC 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. For those units that ended FY 2016 with negative balances, approval must also be obtained from the VCAFO.

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 prior written approval from the unit’s cognizant VC. As with faculty hires, approval is also required from the VCAFO for those units that ended FY 2016 with negative balances.

**All Other Position Types:**

For those units that ended FY 2016 with positive balances without utilizing TFSF carry-over, 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. Deans/Directors of these units may initiate APT salary adjustments (SCAs) on all fund sources without prior advance approval; justification must be based on urgency and necessity. Salary adjustments must be accommodated within current year funding allocations.

For those units that ended FY 2016 with negative balances, Deans/Directors must obtain prior written approval to hire from the unit’s cognizant VC and the VCAFO to hire the following types of employees: APT, civil service, lecturers, graduate/teaching assistants, student help, and casual hires. A hiring plan encompassing multiple positions may be submitted to the unit’s cognizant VC and the VCAFO for approval. Deans/Directors of these units must also obtain prior written approval from the unit’s cognizant VC and the VCAFO to initiate APT salary adjustments (SCAs) funded with General Funds, TFSF (Regular, Summer, and Outreach Credit), and RTRF; justification must be based on urgency and necessity.

**B. Temporary Positions**

The provisions of Section 128, Act 119, SLH 2015 require written notification to the Hawaii State Legislature and State Budget and Finance within five days of filling temporary unbudgeted positions. See Attachment 1 for Section 128 procedures.

**VI. ENTERING BUDGETS IN KFS**

The Board of Regents approved the FY 2017 budget for all campuses on August 18,
This approved budget will be used as the basis for budget-to-actual comparison reporting throughout the fiscal year. The approved budget, including the worksheets for each UHM unit, may be viewed at the following link:


For FY 2017, MBO will enter the BOR-approved budget for allocations, revenue, expenditures and transfers into KFS using the “Base Budget” column. Units must enter current revenue, expenditure, and transfer budgets in KFS using the “Current Budget” column. Expenditure budgets for General Funds and Tuition Funds cannot exceed the unit’s current FY allocation. Note that the BOR-approved Base Budget will not necessarily reflect the unit’s current budget projections due to adjustments in allocations.

A. Allocation and Revenue Budgets

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

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

Outreach Credit and Summer Tuition – Outreach College will distribute the projected allocations to the budget control account for each unit’s budget plan as an allocation budget using the Current Budget column.

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 using the Current Budget column.

Other Special and Revolving – Units with other special and revolving funds must load current revenue budget projections at the Budget Plan ID level using the “Current Budget” column. Units are asked to update their respective revenue budgets as needed throughout the year.

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. If this is done, changes should be done using the “Current Budget” column.

Regular Tuition, Outreach Credit and Summer Tuition, RTRF and all other Special and Revolving Funds – Units are responsible for loading their current
expenditure budget projections at the unit’s Budget Plan ID level using the “Current Budget” column.

Units are asked to update their respective expenditure budgets as needed throughout the year.

C. **Expenditure Budget Object Codes**

The Mānoa Campus will use the following list of Object Codes to enter FY 2017 expenditure budgets in KFS:

- **B100** Regular Employee Payroll
- **B200** Non-Regular Employee Payroll
- **B300** Lecturer Payroll
- **B400** Student Help Payroll
- **B500** Other Personal Services
- **C111** Utilities & Communications
- **C115** Stipends & Allowances
- **C117** Other

D. **Transfer Budgets**

All Funds – MBO will enter the BOR-approved transfer budgets using the “Base Budget” column at the budget control account for each unit’s budget plan(s) for all funds types. Units are responsible for entering current projections for transfer budgets using the “Current Budget” column.

Units are asked to update their respective transfer budgets as needed throughout the year.

E. **Carry-over Budgets**

Carry-over budgets for TFSF have been 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 2017.

F. **Planning for FY 2018: Budgeting at Lower Levels**

In FY 2018, budgeting will be done at the department level instead of at the school/college Budget Plan ID level.

VII. **DEADLINES**

- **September 28, 2016** Enter current revenue, expenditure and transfer budgets in KFS
- **June 20, 2017** Final date for expenditures on GF
FILLING OF TEMPORARY POSITIONS

Effective July 1, 2015, all state agencies are required to provide notification to the Hawaii State Legislature and State Budget and Finance within five days of the filling of temporary unbudgeted positions (per Budgetary Proviso, Section 128 of Act 119, SLH 2015). 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 128 Worksheet (contact the Mānoa Budget Office for the Excel form) listing non-BT temporary positions for which position is filled within the week of the submittal. 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 comuro@hawaii.edu and kikuchis@hawaii.edu each Friday by 4:00 p.m.