

Budget Update from President Greenwood March 28, 2010: \$69 million reduction proposed

Dear University colleagues,

As we approach the last part of this semester, we look forward to the success of our students. We will soon be facing one of the best parts of our academic year: the graduation of thousands of undergraduates, graduates and professional students from all of our campuses. We are proud of our students' hard work and of the work of our faculty and staff who enable our students to accomplish these milestones.

I wish I could deliver only a positive message to you today. But these are difficult times. And as you know, we are in the middle of a severe state budget crisis. Across the nation and in Hawai'i, publicly funded institutions have been facing budget cuts and downsizing to help balance state budgets. Here at the University of Hawai'i, we have done our very best to cope with these budget challenges. The university's budget has been reduced this year by \$98 million and the executive budget proposal for the supplemental year beginning July 1, 2010 calls for a \$100 million reduction, which is more than 20 percent of our previous general funds. This has already resulted in painful workforce reductions, fewer classes, and cuts in pay and programs.

The state House has proposed an additional \$10 million reduction in the university's general funds (HB 2200, HD1), plus another \$59 million cut in special and revolving funds. We are working hard to ensure that this does not happen. We are also calling on our community partners and supporters to help us impress upon legislators the vital role the university plays in our state. The House Finance Committee will hold a hearing on the \$59 million in additional cuts (SB2695, proposed HD1) Monday, March 29 at 7p.m. in room 308.

The additional \$59 million in proposed cuts include:

- * \$20 million from the Tuition and Fees Special Fund
- * \$15 million from the Cancer Research Special Fund
- * \$11 million from the Revenue-Undertakings Fund
- * \$10 million from the Research and Training Revolving Fund
- * \$2 million from the Housing Assistance Revolving Fund
- * \$750,000 from the Information Technology and Services Special Fund

The net effect of diverting such funds to the state general fund is a direct impact on our operating budget. Many of these funds are already being used to defray the \$100 million cut and/or to retain and support critical projects and programs.

We understand that the Legislature is dealing with the extremely difficult task of finding a way to bridge the budget gap and that they recognize the importance of investing precious resources wisely. We are doing all that we can to encourage continued investment in the university and to illustrate how vital UH is to Hawai'i's preferred future.

Since the beginning of the legislative session, members of the university community, including the administration, have delivered more than 130 testimonies, provided all requested information and have visited almost daily with members of the Legislature. It is our hope that our voices will be heard.

Despite the difficult economy, the University of Hawai'i is performing well as we focus on our strong strategic plan designed to meet the needs of the state and our communities. Thanks to the strength of our faculty, the University of Hawai'i now ranks among the nation's top research universities in its ability to generate research and training revenue. We have managed to navigate through this economic storm by working together and making a number of painful sacrifices. Thus far, we have managed to do this without interruption of instructional days for students.

Students attending our campuses understand that higher education is important as they build their careers or start new ones. Enrollment is at an all-time high with 58,000 students--including 8,000 additional students in the last two years alone. These students include people who have been hit hard by the economic downturn and are going back to school to re-tool for new careers. Students are relying on the university to help them prepare for jobs and compete in today's global job market, making the university an essential resource for Hawai'i. Our students are counting on us--and it will take our collective efforts to deliver.

Many of you have heard me say repeatedly that investing in the university makes sense for the state's economic future and that we should be viewed as part of the solution to the state's economic challenges. The university, with the Manoa faculty leading the charge, pulled in more than \$400 million in external research and training funds last year, creating jobs and fueling the economy. Further cuts would drastically hamper that ability. With your help, we will continue to highlight the importance of maintaining the state's investment in higher education.

We are not resting on our laurels. Through our newly launched Hawai'i Graduation Initiative, we have committed to increasing our number of graduates by 25 percent by 2015. Developing an educated workforce--particularly in critical areas such as health care, teaching and engineering--is in Hawai'i's best interest.

We also understand that as the state's sole public university, we have the responsibility to do more. We are expanding our outreach to Native Hawaiian students and working hard to improve access, particularly for those in underserved areas and underrepresented communities. We are increasing our efforts to eliminate barriers to higher education, including cost. With the costs of higher education on the rise, we have quadrupled our amount of available financial aid. And we continue to work to improve our efficiency, to achieve more with every dollar available to us.

Of course there's much work to do. It's hard not to notice the poor condition of our facilities. The backlog of deferred maintenance is big--more than \$300 million worth of work lies ahead. While the bleak budget offers numerous challenges, it also offers opportunity. You may have heard about Project Renovate to Innovate. Using General Obligations bonds issued by the state, if appropriated by the legislature and approved by the governor, we would be able to create jobs with our shovel-ready projects and take advantage of the current climate of lower construction costs to complete long-overdue repairs and improvements on our campuses. It's time that university facilities on all our campuses reflect our mission as a 21st century institution of higher education built on excellence. With steady progress, we will get there.

With your help, we are committed to charting the right course for the university, particularly in these critical economic times. We will continue to advocate strongly for our future and we invite you to join us in that effort. Letters of support to state legislators and simply sharing your personal stories of what the university means to you will go a long way.

Working together, we will make it through this budget crisis and continue our journey of success for the benefit of Hawaii and its people.

Mahalo,
M.R.C. Greenwood