Department Chairs Meeting

Vice Chancellor Matt Platz
November 14, 2013

Agenda

• Dealing with a Frantic Parent
• Budget Updates
• Faculty and Staff Searches
Dealing with a Frantic Parent

Budget Update

Stressors:
- Enrollment drop
- Unfunded pay raises
- Unfunded salary pay back
- New fringe costs
Academic Affairs $455k (2%) Cut

1. $200k Reduction in Instructor fringe costs
2. $100k Course consolidation and B budgets
3. $93k Increased RTRF support of the library
4. $62k Misc

FYTD EXP & ENC (in Millions)
source: FMIS scr719

10 Year Exp & Enc Data for Appropriated G & TFSF Funds ($Mil)
Salaries are increasingly paid by tuition

Revenue and Payroll Trends
FY2008 to FY2013

University Budget Office, Board of Regents Budget Presentation Oct 17, 2013

Honolulu Civil Beat
March 31, 2013

Can Hawaii Dig Itself Out Of Multi-Billion Dollar Employee Benefits Hole?
By Nathan Eagle  |  02/26/2013

Hawaii lawmakers are doing more this session than ever to plug a multi-billion-dollar hole in health and retirement benefits promised to thousands of county and state workers.

For years, officials watched the state’s unfunded liabilities surge as they skimmed big investment returns to fund new programs and give employees raises.

Now they’re playing catch-up, but the question is how to dig out of such a deep deficit without raising taxes or cutting spending. There’s no clear direction yet, but innovative approaches are being considered.

Hawaii has fallen so far behind in financing its Employees’ Retirement System and Employers’ Union Health Benefits Trust Fund that budget analysts are worried the state’s credit rating may soon take a hit. If this happens, it could reduce the state’s borrowing power and increase the cost of public projects.
Academic Affairs $455k (2%) Cut

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Professor Paul Krugman:
“Your spending is my income.”

• CAS policy for previously scheduled spring courses
• VCAA policy for new spring sections
Non-Returning Students, Spring to Autumn 2013, by Cumulative GPA

Cumulative GPA

- 0.0 to 1.99: 162
- 2.0 to 2.99: 227
- 3.0+: 243

Academic Affairs $455k (2%) Cut

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# Summary RTRF Budget

<table>
<thead>
<tr>
<th></th>
<th>2012-2013</th>
<th>2013-2014</th>
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</thead>
<tbody>
<tr>
<td><strong>Total from UH Hilo Grants</strong></td>
<td>$2,513,666</td>
<td>$2,960,954</td>
</tr>
<tr>
<td><strong>25% to System</strong></td>
<td>$627,079</td>
<td>$740,238</td>
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<tr>
<td><strong>Total to UH Hilo</strong></td>
<td>$1,886,587</td>
<td>$2,220,716</td>
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<tr>
<td><strong>VC Admin</strong></td>
<td>$320,000</td>
<td>$320,000</td>
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<tr>
<td><strong>Research Council</strong></td>
<td>$220,000</td>
<td>$220,000</td>
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<tr>
<td><strong>PIs</strong></td>
<td>$216,253</td>
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<tr>
<td><strong>Deans</strong></td>
<td>$166,862</td>
<td>$166,862</td>
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<tr>
<td><strong>Departments</strong></td>
<td>$83,431</td>
<td>$83,431</td>
</tr>
<tr>
<td><strong>Library</strong></td>
<td>$66,745</td>
<td>$159,745</td>
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## Academic Affairs $455k (2%) Cut

1. $200k Reduction in Instructor fringe costs
2. $100k Course consolidation and B budgets
3. $93k Increased RTRF support of the library
4. $62k Misc
   - Vacant positions: AVCAA, VCR, Director of Distance Learning
   - IRO is a casual hire
   - There are enough $’s saved to fund a small reserve in Academic Affairs
### 10 Year Exp & Enc Data for Appropriated G & TFSF Funds ($Mil)

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</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$20.47</td>
<td>$20.88</td>
<td>$21.58</td>
<td>$23.74</td>
<td>$29.76</td>
<td>$33.27</td>
<td>$35.64</td>
<td>$29.38</td>
<td>$28.36</td>
<td>$28.69</td>
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<tr>
<td>Special Fund</td>
<td>$8.88</td>
<td>$8.34</td>
<td>$10.16</td>
<td>$10.32</td>
<td>$12.66</td>
<td>$19.70</td>
<td>$23.56</td>
<td>$33.13</td>
<td>$33.61</td>
<td>$33.81</td>
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<tr>
<td>Total</td>
<td>$29.35</td>
<td>$29.21</td>
<td>$31.74</td>
<td>$34.06</td>
<td>$42.43</td>
<td>$52.97</td>
<td>$59.20</td>
<td>$62.51</td>
<td>$61.97</td>
<td>$62.50</td>
</tr>
</tbody>
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### Budget Fundamentals

#### Expenditures and Encumbrances (G & TFSF) for Fiscal Years 2007 to 2013*

<table>
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<tbody>
<tr>
<td>$6.5 M</td>
<td>$6.0 M</td>
<td>$5.6 M</td>
<td>$6.1 M</td>
<td>$5.9 M</td>
<td>$6.1 M</td>
<td>$2.4 M</td>
</tr>
<tr>
<td>$12.6 M</td>
<td>$13.0 M</td>
<td>$12.4 M</td>
<td>$7.7 M</td>
<td>$7.5 M</td>
<td>$7.3 M</td>
<td>$7.9 M</td>
</tr>
<tr>
<td>$19.5 M</td>
<td>$19.9 M</td>
<td>$21.9 M</td>
<td>$21.6 M</td>
<td>$22.5 M</td>
<td>$22.4 M</td>
<td>$21.3 M</td>
</tr>
</tbody>
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*Excludes non-appropriated fund balances.

**Source:** FMIS scr719
UH Hilo, Expenditure by function, FY13

Budget 101

- **Institutional Support** e.g. Chancellor’s office, VC Academic Affairs, VC Administrative Affairs, Human Resource, University Relations
- **Operations & Maintenance** e.g. Security, OIHKM, R&M, Facilities Planning, Utilities, O&M
- **Scholarships & Fellowships** e.g. Tuition Scholarship, Athletics Scholarship, Federal Work Study
- **Auxiliary Enterprises** e.g. Theater, Student Housing, Food Service, Motorpool, Graphics, Parking
- **Public Service** e.g. ‘Imiiloa, NHERC, CCECS non-credit
Some Basic Arithmetic:

1. One student in a 3 credit hour course equals $600 in *gross* tuition revenue.

2. The salary of the person in front of the students is about one third the cost of doing business.

Transitioning from a mostly taxpayer to a mostly tuition based university or “Déjà vu all over again”

-Yogi Berra
The Berlin Wall
@November 1989

Professor Paul Krugman:
“Your spending is my income.”

- CAS policy for previously scheduled spring courses
- VCAA policy for new spring sections
• Approximately 51% of students on campus at any particularly time entered UH Hilo as Big Island residents.
• In 2011 approximately 53% of Big Island HS grads went on to college.
• Of those 1,060 students that went on to college, approx. 19% went to UH Hilo, 41% to Hawaii Community College, 15% elsewhere in the system, and 25% elsewhere.

Data Courtesy of Mitch Anderson
Non-Returning Students, Spring to Autumn 2013, by Cumulative GPA

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Faculty
Prepare students to participate in our democracy; discover new knowledge; tradition

Students
Low Cost
Low Debt
Good Jobs

Government
Financial Accountability
Economic Development
“Institutions are rarely murdered; they meet their end by suicide. They die because they have outlived their usefulness, or fail to do the work that the world wants done.”

Abbott Lowell
President
Harvard University
1909-1933

Staff Searches

1. Senior Institutional Research Officer (replacement)
2. Junior Institutional Research Officer (new)
3. KHUOK Fiscal Officer
Faculty Searches

- 2 KHUOK (1 active)
- 2 ENGR (1 active)
- ~6 in CAS TBA
- Why the delay, why the uncertainty in CAS?

The Constraints

- There is a finite # of vacant permanent BU07 position #’s
- Every search must have an associated vacant, permanent, position #’s
- Some numbers were shifted to Instructors
- UHM lost 100 vacant permanent, position #’s last year
- BU07 and other BU position numbers are not easily swapped
- Some position #’s are prescribed
Some Aspirational Goals

- All position #’s are engaged
- Deans will have base budgets and be able to fully optimize the use of their human and financial resources
- Our first instinct in utilizing resources will be to best serve the maximum number of students

Thanks for Listening!
Questions?