EXECUTIVE COMMITTEE

Meeting of Friday, September 21, 2018

Ka‘a‘ike 210

Minutes

1. Attendance. Chancellor Lui Hokoana convened the meeting of the Executive Committee at 9:09 a.m. Present were: Sunny Cabello; David Grooms; Lori Kehus; Diane Meyer; Brian Moto; Barbara Ornellas; Interim Vice Chancellor Deanna Reece; Vice Chancellor David Tamanaha; Jay Vanzandt; Nicole Vida; Rose Vierra.

2. Enrollment. Chancellor Hokoana reported that UHMC enrollment is 200 students down overall, but 30% up in Early Admit. Enrollment of recent high school graduates was down about 50. Biggest drop in enrollment was in returning students. Chancellor Hokoana said that there is further potential enrollment in Early Admit. Chancellor Hokoana cited Kaua‘i Community College as having a substantial early admit student enrollment. He is hearing that scheduling may be an issue for returning students.

3. FY 2019 Budget. Vice Chancellor David Tamanaha discussed UHMC’s budget and current finances.

He began by recalling conditions in 2011 – 2012, a period of budget cutbacks, and the adjustments made thereafter in response to recommendations made by UHMC’s accrediting agency. In the years that followed, the cost of electricity dropped from $2.1 M to under $1.5 M, UHMC made corrections to its Special Fund, and enrollments were strong.

For FY 2019, UHMC faces an operating deficit. Vice Chancellor Tamanaha distributed a status quo financial spreadsheet.

Vice Chancellor Tamanaha discussed the following budget points:

* UHMC is projecting a 10% decline (-$700,000) in SSH (Student Semester Hours).
* Performance funding is expected to drop by more than $400,000 due to UHMC’s failure to meet all of its performance goals.
* Although there will be a 2% tuition rate increase, the Board of Regents has allocated the increased tuition revenue to repair and maintenance projects.
* Electricity costs are projected to increase under existing PV power contracts.
* UH has changed the financing of vacation reserves. Individual campuses are now being assessed an amount to be paid into a pool for vacation payouts.
* The FY 2019 budget provides for a new International Student Office funded by nonresident tuition revenues, which is approximately $140,000. Enrollment of international students is anticipated to contribute additional net revenue due to the higher tuition paid by nonresidents.
* UHMC is eliminating RTRF support for electricity costs. Total RTRF revenues are down. Chancellor Hokoana discussed the current uses of RTRF moneys.
* The FY 2019 budget includes a 7.5% reduction (-$220,000) in the lecturer budget.
* The Admin Recovery Account (an account funded by 10% contributions from revenue-generating programs) will make a $100,000 contribution to electricity support. However, this amount cannot be sustained from year-to-year because about $140,000 is used to pay for personnel.

Vice Chancellor Tamanaha said that UHMC’s Carryover balance from the prior year was about $982,000. Currently, total projected operating expenditures are about $25M, resulting in a projected ending deficit of over $1M.

Lance Yamamoto, UHCC Budget Director, projects an 8% decline in UHMC revenues. Yamamoto’s budget assumes that vacant positions as of August will remain vacant. His budget forecasts a $400,000 carryover at the end of the fiscal year.

UHMC administrators have reviewed vacant positions for which moneys have been budgeted. Not all vacant positions will necessarily be frozen. To gather more information and minimize impact to operations, all departments will be asked to prepare budget reduction plans, based on 5% and 10% reductions. Budget reduction templates have been distributed for departments to use.

Vice Chancellor Tamanaha observed that Hawai‘i Community College is in a similar financial situation as UHMC.

Vice Chancellor Tamanaha invited Committee members to contact him if there are any questions.