

## Pueo Budget Taskforce NOTES

11-5-20

### Report from Team 3—Cost Center Review & Recommendations

Frank: Introduce the team's overall set of strategies—to minimize loss of positions and people.

Linda: Campus administration has focused on reducing costs. The FY21 is for July 1, 2020 to June 30, 2021. What we know is that we/UHWO: a) have decreased costs and has used CARES \$\$ to cover costs; b) froze hiring, travel, special salary compensation, and others; c) no furloughs projected for FY21 and any new furloughs occur, it would appear as a reduction of General Funds rather than a campus' cost savings; d) we are still waiting for the Governor to release the full allocations for FY21 and we are projecting \$58,000 loss (best case) for this FY; e) we expect a tuition reduction in FY21 and expected to cost \$1.1 M; f) we expect that for FY 22, 23, 24, we expect a reduction at 15% annually which would be an estimate of \$2.8 M annually; g) BOR's Budget and Finance Committee will meet sometime in December expecting that each campus will report recommendations for cost reductions; h) the recommendations for cost reductions will be put forward to the full BOR in January.

Frank: looking at the expenses, what is the major category of expense?

L: payroll...roughly 70%--includes salaries, overloads,

F: Payroll--\$24 M

L: Operating costs at already at bare bones

F: This this operating expenses normal for this size of institution? Peer group institutions?

Marnelli: most had personnel expenses of 6-7 peer institutions of 40-50%; only one had a percentage of 76% for payroll.

F: UHWO is either paying too much (doubt it) or we have too many people

L: we have debt services...it takes 12% of operating budget. We have mandated scholarships = 6% of operating budget

F: Our target is \$2.8M for each of the years—FY 22 -24. We have to plan to hit this target. This would mean that if someone else were in charge, we could be looking at a reduction of 26 positions. The debt services is a little more than \$4 m annually. Our 4 buildings are high costs; we could look at ways to temporary shutdown 4 of the 7 buildings.

F: **Team 3 Proposal/Recommendation—P #1:** Shut down 4 of 7...D, E, Creative Media, and Campus Center. All administrative services would move into either Health Science Building or the Library. The annual utility costs = \$1,211,141 annual savings. This represents an estimate. This plan was shown to Kalbert Young.

F: Conclusion—largest expense is Payroll @ 70% of total operating expenses. Tuition revenues seem to be dropping (15% annually). Budget shortfall is projected to be \$2.8 M annually—remains as the target for reductions annually. Cost savings from proposal #1 could be \$1.2 M annually. This would mean that for each of these years—FY 22, 23, 24—our target would be \$1,588,859 annually.

Manelli: Payroll is a significant cost. Campus has already done a lot to reduce operating costs. If we do not control our destiny...someone else will. GFunds won't be back up to FY19 levels until FY25. How do we look at program reductions? Looked at Academic Program Criteria—and is offering a new program assessment that includes—revitalize, reduce, redirect, centralize, continue, discontinue—criteria.

Ka'iu: Will need to look at programs as one of the recommendations for the TF work. This assessment is a possible way to review all programs in this way. We will need guidelines for this assessment and its use. Presented were a list of questions that could enhance program viability assessment. This will all of the programs to show their viability; this would be a transparent process so that everyone could view these programs and make decisions. The possibility is to create a Program Review Assessment Process.

M: This type of assessment would be done by the program and could show how it would be stewards of the funding and if called on to reduce, it would show how that would be possible.

Ed: This is about shared version...and this is being put on the table so that we can control how the budget reductions can occur under our control.

F: Administration is not the enemy. We will basically relinquish control if we decide not to do anything. If there's anybody who should make the cuts, it's us. We need to stay in control of this process as long as possible. How much are we willing to give of ourselves...to save this school. It's easy to close UHWO...the majority of people here would lose jobs. The 2<sup>nd</sup> option is to absorb UHWO into the community colleges and some folks would lose their jobs. The faculty should design their ideas for this plan and the administrators should come up with the plan.

Ross: 3 questions—was selling land considered? Consider charging students beyond the 12 credits?

K: Responded that the charge beyond 12 credits would be a system initiative. The advice: create details but do not put forward any details.

Louis: There is a faculty push back...issue of trust...need a general agreement...extraordinary mission and debt. Not everyone is equal...we should make the case for what lies ahead.

### **Report from Team 1—Facilities and Resource Efficiencies**

Alphie/Reed/John: We came up with a list from the 120+ suggestions...looks like a lot was covered by the previous group. Given the time, we didn't have a chance to explore any suggestions with enough depth. We heard from Bonnie that just because we close buildings, we won't eliminate all water and electricity costs. In terms of the chiller, there are complications about trying this given how the equipment operates. We even discussed smaller cost items like removing all color copies...can help. Water reductions to the campus...to limit the hours of watering...but

couldn't reduce it entirely. Weighing this against the 26 positions is still unknown. **Team 1 Recommendation:** Consolidating into fewer buildings to decrease utility costs.

Many of the items that the team looked at would not produce the \$\$ needed to match the GF reductions. In terms of our air conditioning, facilities' department is experimenting with raising the temperature to 77 degrees.

John: Provided details about how the air conditioning works and why we have gas in Naulu and the cafeteria. They/Team 1 also looked at licenses, data platforms and others—but these are in use and any cuts would hinder programs and learning. The team even looked at reducing the number of state vehicles to 1—but both vehicles are out constantly and are well used. However, the team would rather sacrifice these than a person.

Ross: Is there a possibility of changing the windows to open the rooms?

J: It will introduce moisture into the buildings which will damage the HVAC system.

Ross: What about deferring the debt?

F: There is one bond left that needs to reassessed. The other three, right Sheri, have already been renegotiated.

Sheri: Yes, 3 of the 4 bonds have been renegotiated. We are looking at a \$350,000 annual savings.

F: Adrian's cost analysis...increase number of classes taught by faculty. This would help reduce costs by about \$1 M. We would need union support to do this as a one-time situation and protect us. This could save 16 positions. The lecturer costs is at \$3.4 M.

R: Faculty are dubious of administrators...that the administration has grown.

S: The fringes is covered by the State...the campus does not have to pay for that.

K: When we are looking at the fringe, the State could not agree to pay for the fringe. HGEA contract ends in 7 months and UHPA contract will also end next year.

Monique: UHPA will speak with the Governor and State System...in mid-November. The 4-4 teaching load is a non-starter...

Marnelli: Personnel is our primary cost...it is a tough conversation.

Monique: Because UHPA covers the entire system, this might be a larger conversation.

R: We could look at a big chunk of land.

Lori: We put this land sale on the table. We cannot count on this land revenue.

R: 30 years...cut teaching positions...evaluate...

L: Faculty revolted...instruction is revenue generating...we need to protect our capacity to teach students. This campus is already efficient. We should go into this together.

Lori: If 26 positions and a weak division...okay split the 26 positions...or the strong division, let's get rid of the entire division...there is a weaker division. Do we want someone else to make the decision on the streamlining of the programs? The same sharp knife has to be everywhere.

## **Team 2 Instructional Efficiencies Recommendations**

Mon: Provided overview of the recommendations. **Cost Efficiencies Recommendation:** Reduce course overloads and consolidate sections. This recommendation will need to be reviewed by the Division chairs and VCAA. The idea is that no one size fits all.

For **Revenue Generating Recommendation: #1** Increase course capacities by 10%--campus and system policies. This may lead to several areas that may not be able to do this because of system policies. Teaching larger classes may be open in the Fall.

**Rev. Generating Recommendation #2:** increase blended learning by consolidating sections of the same class offering where possible so that faculty would teach larger course and be able to communicate to both on-line and in-person learning that would combine low enrolled sections and allow students (on the neighbor islands) to take the course on-line.

**Rev. Gen. Recommendation #3:** Increase enrollment—contact current students to connect with them to ensure that every student not registered would be contacted (with the whole campus working on this) to see what can be done to get them registered. This would all be for FY21.

K: sometimes, this type of work is invisible and a lot of faculty and staff did this not on overtime...they did it together. This initiative was done for the campus...we need to continue those types of practices—let's all pitch in.

R: If we lose people/students, we lose tuition. We also need to improve advising. This is about the whole campus.

Louis: we are learning about one another...all are working hard on campus. We will need some time to improve the process. Communication is of importance.

K: get the word out and kuleana for read...transparency requires kuleana.

Michelle: some students couldn't afford...or had to take a job...

F: Share the concept of a studio...150 responses to survey about live-synchronous to asynchronous. The liveness factor is important—felt lonely. In a good production studio. We should invest in IT and Tech to improve the quality in DE.

## **Taskforce Decisions:**

- decided that we would accept a representative from MNHS (Dr. Yong)

- decided to also extend invitations to a student and another person from Student Affairs. Walter will check with iVCSA Javinar and Student Life Director Velasco for selections of these folks. Several TF members suggested that the student be someone who is in Distance Education not on the Student Government nor one of the committees/clubs.
- All teams will work on the language of the recommendation(s) and turn these into Walter by Friday morning.
- Walter will be working on a survey of all recommendations that will be distributed to this campus' stakeholders—students, staff, faculty, and leadership. The turnaround for submitting a rank order response to these recommendations will be short (a 3-5 days) to have this report ready for the BOR Budget and Finance meeting in early December.