

Chancellor Message to Faculty Senate
UHWO, December 4, 2020, 11:30am

MAHALO FACULTY & STAFF – VCAA, AVCAA AND STAFF—for a successful Fall 2020 semester!

Big Mahalo to our Campus Budget & Planning Task Force

1st report – recommendation for cost efficiencies for FY 2021

Mahalo to those faculty who responded to the TFs first survey that focused on FY 21.

Campus leadership has reviewed and our decisions & next steps were released to TF and campus community yesterday, Thursday, afternoon [12.3.2020]. If you have not had a chance to review it you can go to our website: homepage > Pueo Planning Process.

2nd report – forthcoming (next week, 12.7.2020) recommendations for cost efficiencies & possible revenue generating investments for FY 22, 23, and 24.

A gentle reminder from the TF is a request to respond to their second survey.

Some have questioned the Taskforce process – what I have observed is that this group of faculty, staff and students have engaged in difficult discussions, combed through campus data and information, brought forward suggestions from those faculty/staff/students they represent and have worked collectively to come up with their survey items and their recommendations. This taskforce has had to work quickly – which did not allow for a comprehensive examination of all possible cost efficiency strategies and revenue generating investment opportunities.

Next steps – are being discussed and I should have a clearer picture of what that will look like soon. I do need to review the TFs final report AND consider the State of Hawai'i/Gov's office and UH-System budget information/directives, which we anticipate later this month.

Regarding FY 21 – We received our 1st and 2nd Quarter allocations which accounts for a 10% restriction each quarter. Our 3rd Quarter allocations were just released, again the same as prior quarters – realizing a 10% restriction. We do not know what our allocation for the 4th Quarter will be but have been told by the Govs Office and State B&F that they are awaiting the Council on Revenues forecast in January. I will keep you posted. I do want to share with you a concern RE: FY21 and beyond:

- State borrowed \$750M through a private bank and not a municipal lending facility (feds) which requires payback in 36 months. The payback through the private bank (Bank of America) is 5 years. The amount of the payback is more, but spread out over a longer period of time.
- State also took out a \$186M Revenue Anticipation Note. This is the first time Hawaii took out this type of loan. **Repayment is due in 6 months. This may impact our 4th quarter allocation.**

Again, we will keep you informed.

As we look forward to FY 22, 23, 24 and beyond:

Hawaii News Now on MONDAY Nov. 30th

Top Local Story “Gov. Ige looks to trim \$600 million from state’s budget”

By [HNN Staff](#) | November 30, 2020 at 5:36 AM HST

- Gov. David Ige is looking for major cuts to next year’s state budget, as the state copes with shortfalls during the pandemic.
- Honolulu Civil Beat reports that Gov. Ige has set a goal to cut \$600 million from the budget.
- House Finance Chair Sylvia Luke says the state can also save \$130 million by freezing positions of retired workers.
- The administration has told state departments to make plans for 10, 15, and 20% budget cuts.
- It is not known yet which of the departments will take the largest cuts, but Luke has said she will protect the University of Hawaii and public schools from most of those cuts.

<https://www.hawaiinewsnow.com/2020/11/30/gov-ige-seeking-trim-million-fro-states-budget/>

Today’s Star Advertiser, Friday Dec. 4

School board approves cuts that principals call crippling

- A proposal to slice 10% from Hawaii's public schools budget for the next two years - on top of the 6% cut already imposed this fiscal year - was approved Thursday by the Board of Education. Board members voted reluctantly, saying they had no choice but to comply with directives from Gov. David Ige's administration for what they called "draconian" cuts. But they stressed that the proposed Department of Education 2021-23 operating budget was just a starting point.
- The DOE budget document was due to the governor today, and he will submit his version of the overall state budget by Dec. 21 to the Legislature, which ultimately will determine what gets funded.
- The department already has absorbed a \$100.2 million cut to its budget this fiscal year, or roughly 6% of the total general fund budget of \$1.67 billion. The proposed biennial budget reduces general funds by another \$164 million in each of the next two fiscal years, or 10%.

As you are aware – UH System and all campuses have been running scenarios that account for restrictions of 10% to 25%. And as you know, we have already taken a 10% restriction the first 3 quarters of this fiscal year. What we know is that this is just the beginning. We anticipate, like the DOE another significant cut in FYs 22, 23, 24, which for UHWO is about a \$2.7Million reduction to the campus each fiscal year.

To put this into perspective: Work Group #3 of the TF assessed that \$2.7M = Facility savings (2-bldgs) + 26 permanent positions. To lose just one more permanent position – after the sweep earlier this year by the State Legislature – would be devastating. So, we must do what we can to safeguard our human resources. A complication is that we do have to pay our yearly bond (like

a mortgage) of \$4.1 Million, which places a significant burden on our budget. So, we all must pitch in and tighten our belts even more for the next 3 years. We must reduce our costs and grow our revenue streams – a balance of both.

To meet the projected reduction -- Campus Leadership actions include:

Maintaining the reductions/restrictions we have implemented this fiscal year (2020-21)

Drawing from Task Force:

- Recommendation Report #1
- Recommendation Report #2 (forthcoming)
- TF working group and large group minutes, which offered suggestions that were not on the survey or reports

Discussions we have been engaging since this summer with unit leadership (faculty & staff) and with our counterparts across the UH-S.

- Monitor and control all our operational costs: facilities, utilities, consummables
- Review all stipends and overtime
- Continue to decrease overload and lecturer hires, stipends and over time
- Temporarily increase faculty on-load teaching to one class an AY: 4:3, 3:4
- Temporarily increase seats in selected online classes
- Look to our 11-month S-faculty to teach a course (not SD) on load
- Increase extramural funding that supports casual/temps and student assistants and our core endeavors of teaching/outreach
- Increase credit and non-credit (self-sustaining) online learning opportunities for adult learners
- Maintain and slowly grow our enrollment/tuition revenue

This is a beginning list of actions that will get us almost halfway to \$2.7M

I need to provide a proposal to UH President and System Officers -- how UHWO will meet the \$2.7M restriction next week, December 10th. This proposal along with the proposals from UHM, UHH, CC, and UH-S will be reviewed, revised to be presented to the BOR on January 7th. I will keep you posted via the weekly campus bulletin, so, please do take the time to read it. Also, I should have an update for you at our January convocation/PD assembly.

‘Ōlelo No‘eau:

‘A‘ohe hana nui ke alu ‘ia. No task is too big when done together by all.

Mahalo for your attention, your shared-collective wisdom, and your continued commitment to UH West O‘ahu.

Happy Holiday wishes to all/‘ohana!