

# UNIVERSITY OF HAWAII AT HILO

Administration  
Administrative Affairs

February 19, 2009

## MEMORANDUM

**TO:** Chancellor Tseng  
Vice Chancellor Castille  
Vice Chancellor Hong  
Director DeMello  
Director Chen  
Executive Assistant Rogers

**FROM:** Debra Fitzsimons, Vice Chancellor for Administrative Affairs

**SUBJECT:** FY 2008-2009 Revised Budget Allocation

Attached for your distribution is the revised allocation for Fiscal Year 2008-2009. This allocation is based on last year's base budget plus collective bargaining augmentation, legislative add-ons (general fund & tuition increase), legislative reductions, governor's restriction and adjustments as requested and discussed.

**Background:** In the original allocation for FY 2008-2009, to be conservative and to prepare for worst case scenario regarding state reductions, we set aside a contingency for potential additional reductions as identified in column C of the original allocation worksheet which totaled \$2,326,875. We had agreed that if the additional reduction did not occur, departments would be able to spend their contingency and if the reduction is a different amount, adjustments will be made accordingly and future discussions will become necessary. We have now made those adjustments and they are described in the next section of this memo.

**Adjustments to the original allocation:** Since the original allocation for FY 2008-2009, the University received an additional 2% budget restriction from the Governor. UHH's portion is \$173,946 (approximately 8.8% of the total restriction). We revised the column in the allocation document for the "Reserve for Potential Additional Budget" reduction by \$1,977,844 to \$349,031 (Column C in revised allocation) which provides us with adequate remaining reserves to handle an additional 4% reduction this year if one would occur. The remaining balance, approximately 85% of the original reserve, was released back to the departments, as we had previously committed to do if it was not anticipated to be needed for that purpose this fiscal year.

We have also reviewed our expense projections for the fixed expense categories, with the major adjustment being for the electricity expense. The projected expenses were decreased based on a reduction in the pricing of the university's electricity fuel charge beginning in January 2009 by 10 cents per kwh as well as our campus wide conservation efforts. We will need to continue to conserve so we can reap additional savings. Because of the decrease in those anticipated expenses for utilities and other fixed expenses, we were able to reallocate \$566,667 of the savings back to departments and the remaining \$300,000 savings to the fund for enrollment growth expenses entitled "Enrollment Growth Incentive Holding Account". We increased the fund by \$300,000 to a total of \$390,000. We also identified other fixed expenses that needed to be moved up to the fixed expenses section of the worksheet, those of student help, work study match, and bank service charges for credit card payments by students.

We reviewed our tuition and fee income projections and conservatively adjusted the income projections upward slightly. Other adjustments were minor in nature, such as movement of positions or budget between units which the various vice chancellors and deans have the budget authority to do within their units.

As in previous years, all salary savings are in the allocation distributed to each major unit, i.e. vice chancellors, deans and directors. The administration does not have a salary reserve, therefore all units are responsible for salary adjustments due to promotion, merit or market adjustments. The only central pot of money for this purpose is for faculty equity, which was created in the original allocation and is \$100,000. Other accounts that were created in the original allocation and continue in the revised allocation are those for research office, accreditation, and assessment/general education.

We want to remind everyone that any units that use salary savings to purchase equipment must prepare to absorb the cost of future maintenance. It is recommended that any of your salary savings be used for one-time, nonrecurring cost items. The redistribution of funds from the "Reserve for Potential Additional Reduction" back to the departments also needs to be treated as one-time funds. It is highly discouraged to use these funds for base items, as we need to be prepared and plan for additional budget reductions for next biennium budget.

Despite being able to release funds back to departments this fiscal year, we continue to remind departments to spend cautiously and plan wisely. We know that for the next few years, budget will be extremely tight and will be further reduced. The Long Range Budget Planning Committee, Energy Savings/Sustainability Committee, and Cost Savings Taskforce, all groups with campus wide constituency group representation, will be actively involved in making recommendations regarding budget as we navigate these difficult economic times. We encourage you to participate and keep in communication

with your departments so that the process remains transparent, open, and interactive.

In the next few days, this memo and the revised allocation will be placed on the Vice Chancellor for Administrative Affairs' website. I encourage you to share this with your units.

Attachment

cc: Lois Fujiyoshi  
Jo-Ann Nishioka