Office of the Chancellor

UNIVERSITY of HAWAI'I®
KAPI'OLANI
COMMUNITY COLLEGE

MEMORANDUM

October 23, 2017

TO: Brian Furuto, Vice Chancellor for Administrative Services
Brenda Ivelisse, Vice Chancellor for Student Affairs
Susan Kazama, Interim Vice Chancellor for Academic Affairs
Carol Hoshiko, Dean of Community and Continuing Education
Nāwaʻa Napoleon, Dean of Arts and Sciences
Patricia O'Hagan, Dean of Health Academic Programs
John Richards, Dean of Hospitality, Business and Legal Academic Programs
Joanne Whitaker, Executive Assistant to the Chancellor

FROM: Louise Pagotto, Interim Chancellor Louise Pagotto

SUBJECT: FY 2017-2018 (FY 18) Allocations

Attached are your General Fund (GF) and Tuition and Fees Special Fund (TFSF) allocations for FY 18. In total, the initial GF and TFSF allocation plan amounts to $34,454,053 compared to the final FY 17 total allocation for the College of $43,876,281. Please note that the TFSF allocation amount at this time includes:

1. Only 50% of discretionary personnel costs (i.e., casual, unbudgeted, student help, overtime, and overload) and 50% of your other current expenditures (operating) budget. The remaining allocations may or may not be fully allocated. The remaining allocation is highly dependent not only on the campus' enrollment for TFSF revenue and state revenue sources for our GF allocation, but also on external factors in the form of legislative reductions and restrictions that may be imposed on the UH System as a result of changing economic conditions in the coming year.

2. Only Fall semester lecturer funding which totaled $2,502,500 compared to FY 17 actual lecturer expense of $5,481,992. As enrollment this semester has not increased and is not expected to, we are asking all departments to make prudent decisions in hiring their lecturers.

3. Other Personnel Costs including all regular employee payroll (i.e. positions funded by the non-imposed tuition and fees special fund (NTFSF) and temporary positions funded by the TFSF).

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Please also note:

1. All lectureship appointments, except for summer lecturers, shall be paid by GF.

2. TFSF funds are not to be used for out-of-state travel.

As you are aware, the campus continues to face tremendous fiscal challenges in fiscal year 2017-2018 (FY 18). While the campus ended the fiscal year 2017 with an ending cash balance of nearly $1.5 million; this carryover is largely spoken for, attributed to planned expenditures which have been deferred to FY 18.

The campus has ended recent years with large deficits: –$3.136 (FY12), –$2.450 (FY13), and –$1.960 million (FY14). Fortunately, we were able to overcome these deficits by using a combination of our unencumbered cash balance and other special funds. Other special funds are a conglomeration of various campus revenue generating activities, namely, revenue generating operations. As revenue generating operations are expected to be self-sustaining, that source of fund relief is no longer available.

Personnel allocations for permanent, temporary, and unbudgeted positions as listed on the budget allocation worksheet supporting schedules are based upon salaries of currently filled positions as reflected in the Peoplesoft system as of September 8, 2017. Lecturer allocations have been made for Fall 2017 based on lecturer positions in the Peoplesoft system as of September 8, 2017. The allocation for Spring 2018 lecturers will be made in a similar manner.

Any salary adjustments resulting from promotion and tenure have been added to the respective program budgets. Funds have not been included for vacant positions that were not in the process of recruitment or for casual hire appointments unless noted otherwise. It is important to note that casual hire appointment salaries above and beyond the approved FY 18 budget must be absorbed by departments' TFSF allocation or another source of funds. If there is a critical need to continue a casual hire appointment, then steps must first be taken to reassign responsibilities to existing personnel or to re-prioritize workloads. The last resort should be to make the position permanent by justifying the position and requesting a position via the current vacancy policy.

Salaries for regular employees, temporary employees, lecturers, and student help account for $30,666,869 or 89 percent of the $34,454,053 allocation. Of the remaining $3,787,184, $1,272,715 (34%) is for utilities, $642,289 (17%) is for routine repair and maintenance (R&M), and the remaining amount of $1,872,180 (49%) is for program operating expenses. Departmental non-credit accounts should not be charged for student help or operating costs; such expenditures should be paid from your TFSF allocation or another source of funds. Program fees should continue to be used to support direct expenses to deliver the programs that are being assessed such fees.

Cases exist where employees' salaries are being incorrectly charged to the wrong account code. Some have already been noted on your allocation worksheets. Others may be discovered as you review the worksheets more carefully, paying special attention to the column "Fund Account Code" on the supporting schedules for personnel of the budget allocation worksheets. ***This incorrect charging of personnel needs corrective action immediately.*** Please process the necessary personnel forms to address any such situations. Your attention is to this is critical to ensure that we minimize overages and shortages between departments and to allow for expenditure reporting that is as accurate as possible.

Your allocation will be placed into the TFSF account code, which is shown on each worksheet. ***Please instruct your departments and programs to correctly charge all expenditures to their respective account codes.*** The integrity of any future financial reporting will be reflected by the proper use of account codes. Furthermore, to ensure that our expenditures remain within our means, we are also ***instituting a "no account deficit" spending procedure.*** Department Chairs, Unit Heads, Program Coordinators, and Administrators must all maintain a watchful eye on expenditures and account balances. If accounts go into deficit, further spending from that account will not be approved, and FY 19 budgets allocations for units overspent may be reduced.

Please note that while your allocation will be housed in the account code that is shown on the allocation worksheets, if other account codes are being used, they must all be monitored such that the expenditures for these accounts in total do not exceed the departmental allocation.

In developing and implementing your expenditure plans, the Vice Chancellors and Deans are:

1. Responsible for monitoring and adjusting their allocations and expenditure plans to avoid "deficit spending." As noted above, further expenditures from accounts that do not have funding will not be approved.

2. Required to use the results of their units' ARPDs and CPRs and related planning and budgeting documents such as Strategic Plan 2015-2021, Strategic Plan Scorecard, and the units' Student Success Pathway.

While we understand that the careful monitoring of restricted funding and adherence to allocations may challenge us all, we believe that our resulting FY 18 allocation plan is sufficient to address the operational needs of the campus. We ask for your kokua and commitment to working together to ensure that our College successfully weathers this difficult time.

Please carefully review the allocations. Your cooperation in this process is appreciated.

Attachments

c: Shirl Fujihara, Budget
Justin Kashiwaeda, Business Office