Administrative Staff Members: Esben Borsting, Brian Furuto, Carol Hoshiko, Ann Ishida-Ho, Linka Mullikin, Nawa’a Napoleon, Patricia O’Hagan, Louise Pagotto, Leon Richards, Charles Sasaki, Joanne Whitaker and Dawn Zoni

Members Absent: Patricia O’Hagan and Leon Richards

Guests: Shirl Fujihara

**Travel Requests**
No travel requests were submitted for review.

**Current Budget**
A request was made of the Administrative Staff Council to communicate the current budget situation to each of their constituencies.

There are two main sources of revenue: general funds which are appropriated by the legislature, and tuition and fees which are funded through enrollment. For FY2014, the general funds allocation was approximately $22 million and the tuition and fees was $18 million. The fiscal year ends on June 30, 2014. Our projected expenditures are approximately $1.4 million over our revenue. In FY2013, we had a deficit of $2.4 million, which was covered by the tuition and fees reserve fund. This account is nearly depleted. To cover this year’s deficit, the college will need to tap into the community college special fund. However, these kinds of losses are not sustainable. FY2012 was the first time expenditures exceeded revenue. Salaries account for the largest expenditure with utilities the second highest. Expenditures have increased dramatically over the last four years.

In the past, positions were funded entirely by general funds. Now, the general fund account pays for approximately 85% of the cost of positions. The tuition and fees account pays the difference plus operating expenses. One suggestion was to establish minimum class sizes. Another option is to add a student to a full class, instead of creating an additional section.

Fringe benefits are paid by the system, which can cost 40%-50% of the salary. The system takes a portion of the tuition and fees for maintaining campus-wide software systems such as Banner, marketing, risk management, UH Foundation, etc. Last year, the cost was $3.379 million. Kapi‘olani CC was one of four campuses that met all it’s performance initiatives, which means the college will not lose any of its allocated funding.

At the 2014 legislative session, the Board of Education and UH Board of Regents submitted their budget requests and the Governor stated his suggestions for funding. The legislature then decided what will be allocated. The bottom line is there are no additional funds being appropriated.

The tuition and fees account is funded by enrollment. The fall enrollment numbers from last week was down 12.2% in comparison to the same time last year. All the community
colleges are experiencing the same trend. A 12% drop in enrollment equals a drop in $2.2 million in revenue for the college. We need to provide good services and quality instruction. Marketing will be used to communicate our programs to the public.

**Budget Cycle Update**

The Chancellor’s Advisory Council (CAC) asked for budget requests from all departments and units. Requests were only considered if they addressed imminent health and safety issues, or if they were identified in the Course Learning Reports (CLRs), Annual Report of Program Data (ARPDs) or Strategic Plan. The Allocation Request Forms (ARFs) were sent to the Authorized Governance Organizations (AGO) to rank in order of priority to the college. There were 53 requests including 9.5 positions with a total cost of $3.905 million. One request received all high rankings from each AGO and that was an inventory management software system for the college’s IT. The second highest request was for staffing to support activities of the Single Parent Program.

At this point, with no additional funds available, do we want to fund these requests? Funding can be allocated for the requests but the resources would need to be reallocated from another area or program.

There was a meeting of the Budget and Planning Work Group on May 29th to discuss whether any of the budget requests will be funded. The follow up meeting on June 5th will ask for their recommendations, which will be reported to the full Chancellor’s Advisory Council (CAC) on June 24th. The CAC will make final budget recommendations to the Chancellor. With consultation from his Administrative Staff, the Chancellor will make decisions on the budget and communicate his decisions back to the constituents. The Chancellor has the right to disagree with the recommendations from the CAC but will be required to explain the decision.

**Five-Year Budget Plan**

With the current budget environment, it will be increasingly important to be able to plan for larger expenses. The ARFs are for requests not included in the budget. The five-year budget plan will estimate when larger expenses will be expected in a program or unit such as program accreditation or equipment needs. The request will be for each department and unit to provide detailed projections on expenses for FY2015 and FY2016, and a general projection for three additional years. This will be the most important tool for the college to get through the next several years. There will be budget planning training sessions for administration, department chairs and unit heads on June 16 and 26.

After the discussion of the ARF recommendations and five-year budget cycle, we will be in a better position to make decisions about the budget.

* For accompanying documents and/or access to all Administrative Staff Council minutes and documents please go to Quill, Governance: Shared and Participatory (http://quill.kcc.hawaii.edu/page/governance); under Standing Councils, Administrative Staff Council.

Submitted by: Joanne Whitaker
2014-6-2_Admin_Staff_Council_Minutes