Chancellor’s Advisory Council Budget Meeting Minutes  
Date: Friday, September 28, 2018  
Time: 10:00 a.m. to 11:30 a.m.  
Place: Tamarind Room, ʻŌhelo Building  

Chancellor’s Advisory Council Members: Lisa Aganon, Kevin Andreshak, Kelli Brandvold, Candy Branson, Sarah Bremser, Martin Chong, Kevin Dooley, Christopher Edmonds, Jerilynn Enokawa, Rosalie Fernandez for Dave Evans, Bob Franco, Shirl Fujihara, Brian Furuto, Carl Hefner, Carol Hoshiko, Grant Itomitsu, Brenda Ivelisse, Lisa Kanae, Justin Kashiwaeda, Susan Kazama, Rona Kekauoha, Noʻeau Keopuhiwa, Sheila Kitamura, Aaron Koseki, Karl Naito, Nawaʻa Napoleon, Kapulani Landgraf for Keolani Noa, Veronica Ogata, Joe Overton, Louise Pagotto, John Richards, Shannon Sakaue, Michelle Sturges for Annie Thomas, Jan Thurman, Allyson Villanueva, Cathy Wehman, Joanne Whitaker, Amy Patz Yamashiro, and Jeff Zuckernick.  

Members Absent: Brenda Ivelisse  
Guests: Craig Spurrier, Louise Yamamoto, John Mizokawa, Janice Yamada, Sally Pestana, Don Westover, Brandon Marc Higa and Roger Reed  

Budget Status and Plan for FY 2019  
A budget presentation was given by the Chancellor. Several handouts were distributed.  

Abbreviations in the notes:  
CCSF – Community Colleges Special Fund – funds that are generally earned from revenue generating activities (e.g., culinary catering, non-credit classes, etc.)  
GF – General Funds – General Funds – funds that are appropriated by the Legislature that are used to pay for the operations and salaries of the campus.  
IEM – Institutional Effectiveness Measures  
RTRF – Research and Training Revolving Fund – funds earned from the indirect costs associated with grants.  
TFSF – Tuition and Fees Special Fund – funds from student tuition and fees payments.  
TE – Teaching Equivalency  

Questions and Comments from the CAC members:  
• Does the $1.5M in scholarship funds also include outside donor scholarship funding?  
  o No, this funding represents the amount that the campus has to provide for need based and merit based scholarships. The funding is comprised of TFSF.  
• All campuses must pay into the CC performance funding effort. KapCC’s contribution is approximately $1.052M in TFSF funding. The amount of our contribution is based upon enrollment. As discussed previously, for FY19 the campus will lose approximately $950K (KapCC contribute $1.05M and only earned back $105K).  
  o Will the UHCC System performance funding process change in the future? Is this something that we can we opt out of?
No, we are required to participate. This process will be in place into the foreseeable future.

- Can we request that the numbers be lowered?
  - No, there is no adjustment that will be made at least for this current Strategic Planning cycle.
  - Note that although KapCC is having a hard time meeting these targets, some campuses are meeting all or most of them. There are discussions on including other students such as early college students in the calculations of transfers: 200 are on campus and there are about 200 more taking our credits at the high schools. If they take classes through Kapi‘olani and then go to UH Mānoa, they are currently not considered transfers. VP Morton did adjust the performance funding targets once already to reflect the enrollment decline. He didn’t change the targets but extended the timeline for us to reach them. OFIE fought to lower the numbers. Four years ago, there was a big bump in our graduation numbers due to reverse transfer. The number was lowered but not to where it should have been.

- The conversion of credits to TEs has cost our campus more because of the large number of health programs. Faculty and lecturer TEs greatly affected our campus. However, the UHCC System is giving us funds to defray the cost to the campus. The amount we are funded depends on enrollment.

- What is recommended to address the budget?
  - The budget reduction plan is a 20% horizontal reduction (across the board). There will have to be a multi-year process to reduce the campus’ expenditures. Note that if we reduce by 20%, we will be left with an ending cash balance of $1.3 million, but unless we make permanent changes to our expenditure plans we will continue to be in deficit. We will continue to review our budget throughout FY19 and into FY20. There will likely be a need to make further adjustments to our budget in FY20.

- A large part of the Budget Reduction Plan is to also request reimbursements or revisions to our Financial Plan.
  - The Chancellor and Vice Chancellor for Administrative Services will request reimbursements for the Culinary Institute of the Pacific for $422,000. This is a one time request for reimbursement of one time costs that the campus incurred to open up the CIP building. This is not a request for the debt service payment of approximately $600K to $700K that has to be paid each year.
  - Additional funding to cover operational some of our campus wide expenditures such as electricity and our security contract will be transferred from the TFSF to the CCSF and RTRF.
  - There will also be certain adjustments, particularly to Workers’ Comp and enrollment growth, made to the Financial Plan.

- The Health programs have a lot of lecturer costs and overload which would be eliminated if we had full time positions. The TE conversion added to the problem. We need fully funded positions, which are not currently available.
• How many years have we been in the red? At least two years. For the last several years, warnings have been given that the campus is spending beyond its means. The difference between prior years and this year is two things: 1) We had a large carry over balance; it was large enough to cover the college’s expenses, 2) The system directive was to spend our carryover balances down due to legislative scrutiny.

• Is there a way to post the target numbers for the performance funding measures?
  o IEM data show how we are doing as an institution and are released every semester. The numbers have been flat-lined for a long time.
  o Also, course success, fall-to-fall and fall-to-spring re-enrollment, and graduation numbers are in your ARPD. We need to do a better job of monitoring the numbers. But it will take a collective effort of individuals’ doing things in a different way.

• The problem with the final performance measure numbers being released at the end of the year is that it is too late, we can do nothing about them.
  o That is why we need to do lead measures or behaviors that we do now. Can I help one more student pass my course? What can we do individually and programmatically that we can track and be accountable for to make a difference?
  o STAR can generate reports of the students who are eligible to graduate

• IEMs are aligned with the ARPD and Strategic plan.

• If we get close to the performance funding number, do we get credit?
  o Yes, we get partial credit. However, when we get $0, it is because we fell below the baseline. Each year we don’t reach the goal, we start farther behind in the next year.
  o We need to have singular focus on student achievement. It is not just the money, it is the right thing to do for the students.
  o We have lost approximately $2.0 million over the last three years in performance funding.

• One area that will not be reduced is regular personnel payroll. We may lose some casual hires and non-regular personnel, but these reductions this year will not impact FTE, or Full Time Employees.

• Within your budgets, you will have flexibility to move funds from category to category.

• Is there any plan to do a deep dive audit to solve some of the outlays of money? How do we increase revenue in other different, unique ways? We have waste on campus. How do we audit that?
  o We need to make most of these changes immediately. But during the rest of FY 19 and into FY20 we will do that analysis.
  o These changes being made, particularly to electricity such as the reduction of air conditioning hours, will have some impact and will encourage us to make behavioral changes.
  o We all need to do a deep dive in our own units. It already occurs on an annual basis in our budgets. We need to communicate the budget to our units. We need
to brainstorm how to cut expenses and create more revenue. Revenue generation is a longer-term variable.

- Student success initiatives are being piloted such as reducing the size of enrollment for online classes from 35 to 20. If we reduce to 20, we need to reduce the cohort. How do we balance this out?
- In FY 15-16, these cuts and adjustments were made before. It was not easy but we know we can do it.
- There will be an AGO meeting on Oct. 8 and an Ask Me Anything Session on the budget on Oct. 11.
- Can the deadline for the spring classes be extended so we can make changes? You can make adjustments subsequently for the entire month of October.
- A list of the buildings where the evening class consolidations will take place will be distributed. We will identify the most efficient buildings and classes that have special equipment needs.
- Our campus is good at getting external revenue. We had $3.1 million in revenue from grants. We have applied for another $500,000. Grants are not for operational expenses but can help with program initiatives.
- It will be helpful to have a one-page sheet of all our performance measures to show what are the goals for this year.
- Will there be a reassessment in filling the vacancies? The administrators are having ongoing conversations on what are essential functions of the college. We have reallocated positions in the past. If in your ARPD analytic FTE shows a need, then a position can be requested.
- Can we charge farmer’s market? Most of the money currently coming in from the farmer’s market is earmarked for scholarships for students. There are other factors that have to be considered other than simply generating revenue. If the revenue earned is not considered part of our core mission, then there are very real tax and audit issues that we will have to address.
- These are band-aid solutions to a larger problem. We are not attracting students to the college. We need to rebrand the college to be called Kapi‘olani College instead of Community College. A legislative act is required to change the name.
- We have a huge opportunity to offer sections at night and weekends to increase tuition revenue. One of the initiatives is returning adults because the enrollments in high schools are declining. We need to look elsewhere for students. Returning adults are working adults who may need to take evening, online classes and other options. We can serve the military community better as well.