

Repositioning the University of Hawai'i for FY 2022 and Beyond

August 20, 2020
Board of Regents



UNIVERSITY OF HAWAII

We are Challenged With Austerity, Urgency and Uncertainty that We Don't Control

- The state budget crisis is real, deep, immediate and continuing
- The ~\$100m hole in our budget will not simply disappear
 - The State financial challenges are deepening every day
 - Full economic recovery is more than 4 years away
 - Even if there is federal assistance, it will be short-term
- Tactical actions like hiring freezes, travel bans, deferral of equipment purchases, across-the-board reductions can help in FY21, but the longer we delay strategic structural changes, the longer we stay in an FY21 world
- Our path forward must be grounded in vision, principles and priorities



Vision for Hawai'i and UH

Hawai'i is a special place where diverse people and communities live, work, learn and play together in a sustainable manner. Hawai'i's economy is vibrant and globally competitive, characterized by engaging living-wage jobs. Inspired by its host culture, Hawai'i treasures and protects its amazing environment as it promotes a high quality of life for all its people.

The University of Hawai'i system is the single most important contributor to the future of Hawai'i. The people of Hawai'i appreciate the excellence throughout UH, understand its value to the state and show their pride in their university system. UH campuses are recognized for their quality and value and are destinations of choice within Hawai'i and beyond. The UH System is the premier integrated higher education system in the country.

Integrated Academic and Facilities Plan for the UH System
Approved by the Board of Regents, April 20, 2017



Grounding the Vision in Today's Reality

UH is essential to the recovery of Hawai'i and the creation of a thriving post-pandemic future for our people and our islands.

That must be our focus in the difficult days ahead.

Guiding Principle for this time of fiscal constraint:
What does Hawai'i need most from us?



What Does Hawai'i Need Most from UH: Priorities for Recovery and Beyond

- Hawai'i needs a more educated citizenry that addresses our challenges and opportunities
- Hawai'i needs more of our residents prepared and qualified to fill the jobs Hawai'i needs
- Hawai'i needs to grow healthy new economic sectors and develop new approaches to existing sectors
- UH research and innovation must become more substantial economic and intellectual drivers

Clear priorities must guide our discussions, consultation and decision-making in the difficult days ahead. UH priorities must be grounded in what Hawai'i needs.



UH Must Engage More Hawai'i Residents in Post-Secondary Education and Training

- The best estimate is that 70% of jobs created will require some post-secondary education
 - Right now, that applies to just 48% of working age adults in Hawai'i
- Post-secondary education is the most powerful enabler of social and economic mobility with inter-generational positive impacts
 - Holders of a post-secondary credential: earn more, are healthier, live longer, have children more likely to attend college
 - Are less likely to become unemployed in a recession and are faster to be re-employed during recovery
 - Pay more taxes, vote more, volunteer more, less likely to draw on social services, less likely to be incarcerated
- A broad-based education equips students to thrive in an uncertain future as lifelong learners with skills and abilities including communication, critical thinking, empathy, cultural competence, creativity and can-do spirit

UH graduates don't just get jobs, they create jobs



UH Must Educate More Hawai'i Residents for Living Wage Hawai'i Jobs

- Education
 - Teachers, teachers, teachers – via multiple pathways
- Health Care & Social Welfare
 - Doctors, nurses, allied health professions, social workers, public health workers, psychologists, counselors, physical therapists...
- Construction, Design & the Built Environment
 - Skilled labor, architects & engineers focused on sustainable and resilient structures for Hawai'i

When we educate our own residents to fill needed jobs in our community, especially living-wage jobs, we do better for our people and we do better for our employers.



UH Must Help Grow New Economic Sectors and Develop New Approaches to Old Ones

- Computer Science & Engineering
 - Cybersecurity, Data Science, Artificial Intelligence / Machine Learning
 - Hawai'i residents with these skills can telework for employers anywhere
- Creative Media Industries
 - Film / Music / Video, Production, Gaming, Esports
- Climate Change, Energy, Resilience & Conservation
 - Sea level rise, coral reef health, weather impacts, renewable energy generation, microgrids, disaster risk assessment, resilience
 - Protection and restoration of native environments
- Food, Agriculture, Aquaculture
 - Need to avoid either/or approach to local food production and high-value products; We need both!
- Sustainable Tourism
 - Reduce numbers and impact on infrastructure, environment and community
 - Medical tourism, edutourism, ecotourism, culinary tourism, voluntourism can all increase engagement with, and living wage jobs for, residents

There is no single silver bullet that can replace our shattered 2019 Tourism economy. These areas represent substantive opportunities where Hawai'i has competitive advantages and UH has recognized strength and opportunity to excel globally.



UH Must Strengthen its Research Enterprise as a Major Economic and Intellectual Driver of Innovation

- Extramural funding over \$450m during FY20, mostly federal
 - Thousands of directly created living wage jobs
 - Positive economic impacts multiply throughout the islands
- Need to ensure continued high performance in areas of strength
 - Ocean, earth & atmospheric sciences; Astronomy & space sciences; Environmental microbiology; Climate change and resilience; Energy; Disaster management; Study of Asia and the Pacific, Hawai'i and its people
- Need to build stronger research capacity in areas of opportunity
 - Health sciences and disparities; Agri/Aquaculture; Computer Science & Engineering; Pacific Engagement
- Need to increase community impacts: startups, jobs, investment

No community has developed into an economic powerhouse without the engagement of a strong research university.



A Path Forward for FY22 and Beyond



UNIVERSITY OF HAWAI'I

Confronting Our Long-term Budget Challenge

- UH must embrace new sets of learners and serve them in new ways,
- Without losing our values, UH must accelerate our focus on effectiveness and stewardship of public resources across every aspect of our work
- UH can no longer afford to attempt to “be all things to all people”
- Our units have discrete and important missions but we must do more at every level across the UH System to align, collaborate and share resources
- Even as we reduce in some areas, we must invest in others
- UH must invest in diversification of our revenue sources beyond state general funds and tuition revenue
- We must move with vision, clarity, collaboration, consultation, transparency, humanity and agility

Every change at UH faces inherent opposition, inside and out. UH needs to consider and consult on ideas, not just these – and must act more expeditiously than is our custom to help Hawai'i move forward to a positive future for our people and our islands.



Actions for Structural Rebalancing

- Reduce Expenses
 - Shed and avoid excess facilities costs
 - Shared administrative & support functions
 - Strengthen decision-making around resource allocation
 - Program consolidation, sharing, realignment and elimination
 - Retirement Incentive program
- Increase Revenue
 - (The State will be challenged for years to come and tuition rate increases not a viable option)
 - Targeted enrollment opportunities; serve more students and move the state forward
 - Invest in monetizing real estate
 - New approaches to auxiliaries – should financially support core mission
- Principles
 - Open to all ideas
 - Relentless focus on what Hawai'i needs
 - Consultation is essential and must be expeditious
 - Respect for Collective Bargaining Agreements

Excellence abounds across UH. We can build on, emphasize and extend that in areas of priority.



Timeline

- August 24, 2020 – First Day of Instruction
- September 2020
 - Open discussions and consultation throughout UH
- October – November 2020
 - Refine Ideas, Calculate financial impacts
- December 2020
 - Present comprehensive approach to BOR
- January 2021
 - Begin implementation

The longer we delay, the longer we live in FY21.



Hawai'i cannot thrive even in the best of times without a high-performing public higher education system.

Now, more than ever, Hawai'i needs every part of its university fully focused on the needs of our people and our islands.

In turn, the people and institutions of Hawai'i need to support their university system.

