
A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII AT HILO.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 304A, Hawaii Revised Statutes, is
2 amended by adding a new subpart to part IV to be appropriately
3 designated and to read as follows:

4 " . **SCHOOL OF AVIATION**

5 **§304A- University of Hawaii at Hilo; school of aviation;**
6 **pilot program.** (a) There is established at the University of
7 Hawaii at Hilo a five-year pilot program for a school of
8 aviation, commencing on July 1, 2016, and terminating on June
9 30, 2021, under which the school of aviation shall be
10 financially and managerially independent.

11 (b) The University of Hawaii system may subsidize or
12 provide financial assistance to the school of aviation.

13 (c) The school of aviation shall not be subject to any
14 fees or assessments that may generally be levied by the
15 University of Hawaii system upon its programs, departments, and
16 schools.



1 **§304A- School of aviation; pilot program operating**
2 **requirements.** (a) In administering the school of aviation
3 pilot program, the University of Hawaii at Hilo shall submit a
4 report on its actions to establish, administer, and operate the
5 school of aviation within twenty days following the completion
6 of each semester to the legislature and board of regents, which
7 shall include an accounting of:

8 (1) All operating costs;
9 (2) All capital costs;
10 (3) All tuition generated; and
11 (4) All other revenues collected.

12 (b) The University of Hawaii at Hilo shall:

13 (1) Establish and use a separate accounting system and
14 program ID for the school of aviation pilot program;
15 (2) Report all capital construction costs of the school of
16 aviation program; and
17 (3) Ensure that all programs under the school of aviation
18 obtain all necessary accreditations.

19 (c) No general funds shall be appropriated for or expended
20 by or on behalf of the school of aviation without the prior
21 approval of the legislature."



1 SECTION 2. Commencing not later than July 1, 2019, the
2 University of Hawaii board of regents shall perform a program
3 evaluation to consider whether the school of aviation should be
4 continued. The main criterion of the evaluation shall be the
5 ability of the school of aviation to fiscally sustain its
6 operations during the five-year pilot program. If the
7 University of Hawaii board of regents finds, as a result of its
8 program evaluation, that the school of aviation meets the
9 criterion for fiscal sustainability, the terms and conditions of
10 the program shall be adopted and implemented as the operational
11 structure for the school of aviation. If the University of
12 Hawaii board of regents finds, as a result of its program
13 evaluation, that the school of aviation is not fiscally
14 sustainable, then the University of Hawaii board of regents
15 shall report its findings to the legislature no later than
16 twenty days prior to the convening of the regular session of
17 2020, and shall initiate proceedings to terminate the school of
18 aviation pilot program and transfer control of all property and
19 management, financial, and other responsibilities to the
20 University of Hawaii board of regents.



1 SECTION 3. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$ or so much
3 thereof as may be necessary for fiscal year 2016-2017 for
4 implementation costs, including salaries and facilities, of
5 establishing a school of aviation at the University of Hawaii at
6 Hilo; provided that no funds appropriated by this section shall
7 be allotted or expended until the school of aviation is
8 established by the University of Hawaii board of regents.

9 The sum appropriated shall be expended by the University of
10 Hawaii at Hilo for the purposes of this Act.

11 SECTION 4. This Act shall take effect on July 1, 2016, and
12 shall be repealed on June 30, 2021.



S.B. NO. 3073
S.D. 2
H.D. 1
PROPOSED

Report Title:

UH Hilo School of Aviation; Pilot Program; Appropriation

Description:

Establishes a 5-year school of aviation pilot program at the University of Hawaii at Hilo. Appropriates funds. Repeals 6/30/2021. (HD1 Proposed)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.





UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
March 22, 2016 at 2:00 p.m.

By
Don Straney
Chancellor, University of Hawai'i at Hilo

SB 3073 SD2 Proposed HD1 - RELATING TO THE UNIVERSITY OF HAWAII AT HILO

Chair Choy, Vice Chair Ichiyama, and members of the committee:

My name is Donald Straney, Chancellor of the University of Hawai'i at Hilo and I am presenting the University's testimony on SB3073 SD2 Proposed HD1. This bill establishes a five year school of aviation pilot program at the University of Hawai'i at Hilo

The proposed HD1 introduces several new factors to the possibility for legislative support for this bachelor's degree program. One of these, a five-year assessment by the Board of Regents for continuation of the program, is consistent with usual UH practices for reviewing programs before establishing them as permanent, although this occurs after 6 years.

Four features of this draft are problematic:

- 1) It will be difficult for the program to be financially and managerially independent. The degree program would have a director, who must report to the Chancellor and the Board of Regents. Most challenging, the degree program will require students to take courses across the curriculum, courses instructed by faculty in classrooms and facilities that are not part of the proposed degree program. We do not recharge degree programs for instruction provided by other departments.
- 2) The University of Hawai'i cannot establish a separate accounting system and program ID.
- 3) UH Hilo charges fees of every student to fund health services, student recreational facilities, campus center, student government, among others. These services are not funded by either general or tuition funds. The students earning a bachelor's degree in aeronautical science will need to participate in these services. We believe it is not possible to provide the services and benefits students at UH Hilo enjoy unless we can levy these fees and assessments. In addition, UH Hilo is required to use 12% of tuition revenue to fund financial aid. If tuition from aeronautical science students is excluded from this, the campus will still be responsible for the full assessment on total tuition revenue. This will reduce the funds available for other programs.
- 4) Requiring specific legislative authorization before using any general funds to support the aeronautical science degree program will impose a difficult condition. As mentioned above, this degree program requires courses that are taught by faculty in classrooms in other departments whose positions are funded by general

funds. We will hire faculty to teach the aeronautical science courses and wish to do so using vacant appropriated positions. We anticipate there may be other, less obvious reliance on existing general funded staff, facilities and services. The legislature has authorized UH to provide these general funded services to students at UH Hilo; we should not exclude one group of degree-seeking students from these services.

We believe the aeronautical science degree will be a new program that can benefit Hawai'i students and our economy. We will work with this committee and the legislature to make its establishment possible. However, we believe there are aspects of this version of the bill that will make it difficult to establish aeronautical science as a program that is part of the University.

For the reasons stated above, the University of Hawai'i cannot support the proposed HD1 but recommends the language in the original version of this bill.

Thank you for the opportunity to testify on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

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DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development & Tourism

before the

HOUSE COMMITTEE ON HIGHER EDUCATION

Tuesday, March 22, 2016
2:00 p.m.

State Capitol, Conference Room 309

in consideration of

SB 3073, SD2
RELATING TO THE UNIVERSITY OF HAWAII AT HILO.

Chair Choy, Vice Chair Ichiyama, and Members of the Committee. The Department of Business, Economic Development and Tourism supports the intent of this bill to establish a 5-year school of aviation pilot program at the University of Hawaii at Hilo.

This initiative would be the only program of its kind in the State, blending flight training with academic studies to provide a firm foundation for employment in the airline industry, commercial aerospace development, and military aviation. As such, we believe this program has significant potential to expand and diversify opportunities for creating aerospace-related jobs for Hawaii citizens statewide.

We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget.

Thank you for the opportunity to testify on this measure.

ichiyama2-Brandon

From: mailinglist@capitol.hawaii.gov
Sent: Friday, March 18, 2016 8:11 PM
To: HEDtestimony
Cc: micahalameda@gmail.com
Subject: *Submitted testimony for SB3073 on Mar 22, 2016 14:00PM*

SB3073

Submitted on: 3/18/2016

Testimony for HED on Mar 22, 2016 14:00PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Micah Alameda	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Testimony on SB3073 HD1 Proposal

Position: I oppose this bill

House Higher Education Committee

Chairman Choy and committee,

I strongly oppose the HD1 revision to SB3073. Two issues are being considered at the moment. The Senate HEA committee wished to give a salute to their well-regarded comrade Gilbert Kahele, and they passed a version of SB3073 which establishes a flight program at the Hilo campus of UH, but the bill does not provide funding, and the effective date is not until the year 2050. The senate version of the bill provides this salute without committing the State of Hawaii to creating a flight program in Hilo. You only need to look to the HEA committee's SB3073 SD1 report to understand why the committee stripped funding and delayed implementation until 2050. The report's concluding paragraph sums it up:

“ Your Committee has considered all of the testimony as well as the history of this measure and wishes of the late Senator Kahele. Your Committee recommends that the University of Hawaii establish a school of aviation in Hilo but consider moving the program to the University's West Oahu campus in the future where the program could operate more cost effectively for the State and for enrolled students.”

The wording of SB3073 SD1 struck the balance between honoring the fallen senator but also not obligating the University of Hawaii to looking only at Hilo as the location for an aviation school. In fact, the Senate HEA committee specifically mentions UH West Oahu as a more cost effective location for the school. Here's why.

An enormous aircraft hangar and classroom complex currently exists at Oahu's Kalaeloa Airport. Hangar 111 is the perfect location for a large and successful collegiate flight program. The University of Hawaii pays a mere \$1 per year for the facility. Conversely, Hilo's airport lacks the necessary infrastructure for a sizeable aviation program. The State would need to spend millions of dollars paving a suitable parking area and building the necessary hangars and classrooms at Hilo.

Let's look at the student's costs, too. With more than 70% of Oahu's students living on Oahu, the vast majority of students attending an aviation program on this island would be able to avoid to costs of room and board. Further, during my 4+ years running the Commercial Aviation program at Honolulu Community College, I saw that 90% of our students worked either part time or full time while pursuing their aviation degree. The quantity and quality of jobs that can be found on Oahu are not present in Hilo. The lack of readily-available good jobs is an economic burden to typical flight students, those from middle or lower-class families.

Further, the Hilo program as envisioned in 2013 (and again for the current proposal if the numbers submitted in Appendix 3 in the SB3073 testimony are correct), the flight-related costs (aircraft rental plus flight instruction) of the Hilo program are stated as \$143,000, when typical collegiate flight programs can provide the same instruction in Technically Advanced Aircraft for

only \$70,000. In other words, the Hilo proposal includes flight fees that are double the norm. A student would pay \$70,000 more for flight costs than that student would elsewhere, including at a UH facility on Oahu, if that program came into being. For all three of these reasons, students from middle and lower-class families simply would choose not to attend a Hilo program if it existed. Money-is-no-object students would mostly continue doing what they are currently doing: attending established aviation colleges on the mainland.

The poor location of Hilo (120 inches of rain/yr. vs. 17 inches/yr. at Kalaeloa) plus costs of room and board plus the lack of jobs, plus the outrageously expensive flight fees would mean that far fewer Hawaii students would choose to attend the Hilo program, compared to a UH program on Oahu.

Ladies and gentlemen, the Hilo program that was proposed in 2013 was nothing less than a boondoggle, and I am grateful that the Hawaii Legislature chose not to fund it. The program was based upon the business model practiced by a helicopter flight provider and an Arizona college named Yavapai College. The two charged double the going rate for flight fees. What happened? The Yavapai employee overseeing the aviation program complained to his superiors that the flight provider was breaking the rules of the Veteran's Administration because the school's program fell short of the required minimum 15% non-VA students. The college responded by firing that employee, who later filed a \$60 million whistleblower lawsuit against the flight provider and the college. The flight provider has apparently settled its side of the suit, but the college is still on the hook in the \$60 million lawsuit. Meanwhile, an LA Times reporter pointed out that this college and one other were charging outrageously high fees for flight training, Congressmen then pressured the VA to follow its own rules, and the VA discovered that the school had 0% qualified non-VA students in the program. The VA responded by removing the college's ability to enroll new students in their helicopter program as well as in the airplane program. Could you imagine if the University of Hawaii had followed the same business model with the same flight provider? An absolutely essential question for the advocates of the Hilo aviation program is this: What has changed in your proposal since the 2013 proposal?

In the near future, Hawaii is going to feel the effects of a pilots shortage, the likes of which it has never felt. A severe pilot shortage will reduce the number of destinations served by air travel, increase the cost of flying, and likely compromise the safety of the traveling public. Hawaii's ranks of private flight schools are being depleted of flight instructors and new pilots have slowed to a trickle. The State cannot afford to spend 5 years giving Hilo a chance to prove whether or not an overpriced aviation school at a remote location with poor flying weather can succeed or not. The State cannot reasonably spend millions on infrastructure at the Hilo Airport when excellent facilities currently are located at Kalaeloa Airport and the facilities are already under the control of the University of Hawaii.

We know that a competitively-price flight program on Oahu can succeed because the University of Hawaii operated a 2 year program at Honolulu Community College until last year. That program had many headwinds, including it offering only a 2-year degree when airline pilots strive for 4-year degrees. It charged the reduced tuition fees of a community college when it needed to charge the higher tuition fees of a 4 year college. Nonetheless, it was growing and improving quickly once the program fell under new leadership. The program had only one full-

time faculty or administrative employee, but it more than doubled in size during a three year period. In the year the program was shuttered, it had over 60 majors, and another 30-something students were querying to join the program the following year. So, we know that even a flight program offering the wrong degree can grow to 90+ students quickly on Oahu, and that size of a student load can mean a self-sustaining program if it is well-run. The majority of the Hawaii students who could become pilots but never do are typically those from middle-to-lower-class families who are constrained by costs. The Hilo proposal does not address the needs of these student, and for this reason it does not address the needs of the State.

Please do not be misled by the fact that a governor's committee once gave a green light to the Hilo proposal. During proceedings of that committee, one member asked a crucial question: Will this Hilo program supplement or replace the current Honolulu Community College program. That member was told the Hilo program would supplement the existing program. With such knowledge, the approval of the Hilo proposal became a no-brainer. These aviation-minded individuals were not going to stand in the way of a second aviation program if the State wished to fund it. Should that same group of people meet today, knowing that the HCC program has been halted, I believe they would have looked many times more critically at the Hilo proposal, and perhaps then they would have seen what a boondoggle the program would be if it was implemented as proposed.

Conclusion

The pilot shortage is already very real and will become severe. A quality collegiate training program is the only realistic solution to this shortage for the State of Hawaii. We know from looking at the rapid growth of Honolulu Community College's program that even a one-man-show can grow huge with the demand present on the island of Oahu if it is competitively priced and competently run. On the other hand, Hilo's proposal places the facility at a distant location with poor flying weather and without adequate infrastructure to support it. The proposals we've seen so far from the Hilo program have been unworkable and a large liability to the State of Hawaii. Quite simply, the University made a political decision to move aviation training to Hilo but it did not do its due diligence in critically evaluating the feasibility of the plan and it failed to adequately engage neutral aviation professionals in discussing the best location for the upcoming 4 year program. Until the University of Hawaii does its homework, the Hawaii Legislature should not put its stamp of approval on a Hilo location when that proposal is highly unlikely to significantly solve the upcoming pilot shortage. Please do not pass the HD1 version of SB3037.

Sincerely,
Peter Forman
former Commercial Aviation Program Coordinator
of Honolulu Community College



LATE

TESTIMONY OF HAWAIIAN AIRLINES ON
SB 3073 SD2 Relating to the University of Hawai'i at Hilo

Senate Committee on Ways and Means

DATE: Tuesday, March 22, 2016

TIME: 2:00 pm

PLACE: State Capitol, Room 309

Aloha Chair Choy, Vice Chair Ichiyama and Members of the House Committee on Higher Education,

Mahalo for the opportunity to testify in **support** of this measure.

Our company knows first-hand the importance of having a high-quality aviation program as part of the University of Hawai'i curriculum. Since 2008, we have expanded our pilot workforce by 45 percent – to 603. These are well-compensated positions, and a program that teaches and trains our own young people to take on good careers in their hometown would be of benefit to our community.

Please move this bill forward.

Ann Botticelli
SVP Corporate Communications and Public Affairs
Hawaiian Airlines

LATE

Aloha all,

The need for a School of Aviation in the State of Hawaii is still a great one. It should be a four year Bachelor of Science degree complete with all the necessary levels of flight training. I; however strongly believe that for both fiscally and logically reasons, this school of aviation should be on Oahu versus Hilo. I am therefore strongly against the proposed SB3073 -HD1 as written. Instead of establishing a new school of aviation at UH Hilo from scratch, I believe the State of Hawaii should establish the School of Aviation at the UH West Oahu campus, and that it should be a 4 year bachelor degree while still having all the flight training done at nearby Kalaeloa Airport.

Why UHWO instead of UH Hilo:

1. **Save the State millions:** UHWO is already well established and can accommodate a new School of Aviation. All academics commensurable to any bachelor degree plus the majority of all aeronautic courses should be taken at the UHWO campus. All the flight and simulator training should be done at the Kalaeloa airport where the facilities (hangar and ramp area) are already establish and is already at a reasonable price - hangar annual lease rate is **one dollar** per year from the Federal Department of Transportation . The cost of leasing the flight training aircraft and running a flight school that is up to the standards of a 4-year bachelor program would be the same if not more reasonable than at UH Hilo. The simulator equipment and training materials from the old HCC aviation program are already established and can be transferred to the new 4-year program.
2. **Save the students money.** The student base is larger on Oahu than in Hilo (including GI Bill military students) and if the majority of the students are from Oahu, they will not have to incur the additional cost of housing and transportation. Most students especially in an aviation program are working students and it would be easier for them to support themselves on Oahu than Hilo in the majority of cases.
3. The **weather** at Kalaeloa is more conducive to flight training than the weather at Hilo

Why should the State establish a 4 year Bachelor of Science, School of Aviation:

1. I am a recently retired Hawaiian Airlines pilot and while I was there, I was the chairperson for Hawaiian Airlines Pilots "Aviators for Education". We are over 60 volunteer pilots willing to share our experiences to those interested in careers in aviation. We averaged over 60 events per year, mostly at schools and average impacting over 4000 students per year. I know, first hand that there is a great

interest in our students wanting to become pilots or to have careers in aviation.

2. There will be a great need for future pilots and we must start training them now. According to the USA Today's article "Pilot Shortage Looms for Airlines" dated January 7, 2013; it states that globally they estimate the need for 8000 pilots/ year. For the next 10 to 20 years, 460,000 pilots will be needed internationally; 69,000 just in North America.
3. The School of Aviation should be at the University level not the community college level. Not only would that allow it to become a first class 4-year bachelor's program but also should be marketed as an International Flight Training Center. This would make it essential to not only local students, but it would attract students from all over the Asian Pacific Basin.

If you have any questions or need clarification, please call me at [\(808\) 780-7116](tel:8087807116)

Mahalo Nui Loa,
Harold H. Fujii
Retired Hawaiian Airlines Captain