

# UNIVERSITY OF HAWAII AT HILO

Faculty Congress

September 23, 2005

David McClain  
Interim President, University of Hawai'i  
2444 Dole Street  
Honolulu, HI 96822

Dear Dr. McClain:

The UH Hilo Faculty Congress expresses its most urgent concern for the fiscal crisis facing our instructional programs.

We face an anticipated shortfall of \$500,000 in the university's instructional budget for Spring 2006. This is aggravated by the requirement that UH Hilo support the growing operating expenses of Hawaii Community College (HawCC). At the time of the separation between UH Hilo and HawCC in 1992, the imputed cost to UH-Hilo of supporting HawCC operations was calculated to be \$1,052,783 for institutional and student academic support. By the 2003-2004 fiscal cycle, this annual subsidy had risen to \$2,272,650, a net increase of over \$1.2 million. The UH-system's allocation to UH Hilo has been virtually flat since 1992 (and actually declined 35% in constant dollars adjusted for inflation). Thus, growth in our academic programs has been financed primarily through new tuition revenues. A major contributor to our fiscal crisis is the \$1.2 million in UH Hilo student tuition revenues currently being paid to cover HawCC operating expenses. If UH Hilo has to severely curtail instructional activities (i.e., cut courses) for Spring 2006, our students will have a compelling case that they are being denied services for which they have already paid.

Given the above circumstances, the time has come for the elimination of the current fiscal relationship between UH Hilo and HawCC. An immediate allocation from the UH system of \$1.2 million to cover the current additional annual cost to UH Hilo of supporting HawCC operations should serve as the minimal starting point for a sound solution to this budgetary conundrum. A more permanent solution to the aberrations inherent in our current approach to funding operations within the UH system requires the abandonment of historical funding benchmarks for different academic units in favor of adoption of an enrollment-based budgetary model.

In summary, the UH Hilo is Faculty Congress is deeply concerned about the fact that recent increases in our subsidy of HawCC are having adverse impacts on our instructional budget. We urge you to resolve this situation soon.

Sincerely,

Jene Michaud  
Chair, University of Hawai'i at Hilo Faculty Congress