



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Higher Education
and
Senate Committee of Economic Development, Tourism and Technology
Wednesday, February 8, 2017 at 1:20 p.m.
by
David A. K. Matlin, Athletic Director
University of Hawai'i at Mānoa
and
Patrick Guillen, Athletic Director
University of Hawai'i at Hilo

SB 1252 – RELATING TO THE UNIVERSITY OF HAWAII

Chairs Kahele and Wakai, Vice Chairs Kidani and Taniguchi, and members of the committees:

Thank you for the opportunity to submit testimony on SB 1252 on behalf of the University of Hawai'i. This bill appropriates moneys from the transient accommodations tax to help offset certain higher costs associated with the intercollegiate athletic programs at the University of Hawai'i at Mānoa and the University of Hawai'i at Hilo for fiscal years 2017-2018 through 2019-2020.

UH Mānoa and UH Hilo bring in teams to play before Hawai'i residents and competes on the mainland and occasionally internationally. Our students, coaches and staff serve as ambassadors of aloha and represent the great state of Hawai'i with purpose and pride. As we share this responsibility, we also understand that our programs are uniquely different.

Attached for your reference is additional information from the UH Mānoa and UH Hilo Athletics' Programs.

The University of Hawai'i respectfully requests passage of SB 1252. Thank you for your time and consideration of this testimony.



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Chairs Kahele and Wakai, Vice Chairs Kidani and Taniguchi, and members of the committees:

Thank you for the opportunity to submit additional testimony on behalf of the University of Hawai'i at Mānoa Athletic Department.

In a state with no professional sports and as the only Division I collegiate athletics program in Hawai'i, University of Hawai'i at Mānoa athletics (UHM Athletics) brings in teams to play before Hawai'i residents and competes on the mainland or internationally as an ambassador of aloha and a representative of all of the people of Hawai'i. SB 1252 would help UHM Athletics to offset higher costs that are unique to Hawai'i that the peers it competes against do not have to address.

UHM Athletics completed an in-depth comprehensive assessment of its program that resulted in four main conclusions:

1. UHM Athletics is performing equal to or better than its peers both on-the-field and financially.
2. The financial model of expecting UHM Athletics to break-even is inconsistent with collegiate athletics nationwide where only 24 of 230 public universities operate in the black. Those 24 schools are members of the "Power Five" conferences such as the Pacific 12 or Southeastern (SEC) conferences which typically have media revenues of \$30.0 - \$40.0 million per school - - compared to the UHM Athletics' \$2.5 million of media revenues.
3. Collegiate athletic programs typically receive "external support" made up of three components: student fees, direct government support and institutional support. Compared to its peers, UHM Athletics receives one of the lowest levels of support in the nation at 33% of revenues. In comparison, the average for peers in the Big West Conference is 67% and in the Mountain West Conference 41%.
4. UHM Athletics has \$5.4 million of uniquely higher costs that our peers do not. Absent those higher costs, UHM Athletics would have finished 2015 with a budget surplus rather than a deficit.

SB 1252 would help to address the unique higher costs that UHM Athletics faces and level the playing field against its collegiate competitors. Based on standardized data reported to the NCAA, UHM Athletics' costs are uniquely higher than its peers in three main areas: 1) UHM Athletics faces \$1.9 million of higher travel subsidies and guarantees to bring teams to Hawai'i; 2) \$1.2 million of higher travel costs for our athletes to travel to the mainland to compete; and 3) higher academic student aid of \$2.3 million because of higher housing and other costs, greater number of team sports, and greater percentage of non-resident student athletes as compared to our peers.

The funding in SB 1252 would help UHM Athletics to represent the State of Hawai'i as well as to continue to provide opportunities for local athletes to compete at home at the collegiate level; provide residents with fan experiences over hundreds of events annually; and serve as a source of collective community pride as Hawai'i's Team.

In addition to the intangible benefits to the community and State, UHM Athletics also provides significant economic benefits to the State. A recent economic impact study released by the Shidler College of Business concluded that UHM Athletics results in:

- \$66 million of direct spending on labor, goods and services, that generated \$128 million of Hawai'i business sales
- \$36.9 million of income for Hawai'i workers
- \$7.0 million of increased State tax collections, and
- 860 jobs created

Furthermore, the study estimated that the athletic program resulted in over 20,000 visitors to Hawai'i who came for athletic events that spent over \$31 million locally. The study did not quantify the benefit to tourism from the valuable exposure Hawai'i receives when UHM Athletics events are played or televised outside Hawai'i, but that impact would also be significant.

While the University of Hawai'i at Mānoa believes it provides significant benefits to the community as well as economic benefits to the State, including in tourism; it does not take a position on the merits of the source of the funds being the transient accommodation taxes proposed in SB 1252. We will defer on the merits of the source of the funding, recognizing that the legislative process will allow for open dialogue on it and reasoned decision making after consideration of all positions offered.

The University of Hawai'i at Mānoa respectfully requests passage of SB 1252.



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SB 1252 – RELATING TO THE UNIVERSITY OF HAWAII

Chairs Kahele and Wakai, Vice Chairs Kidani and Taniguchi, and members of the committees:

Thank you for the opportunity to submit additional testimony on behalf of the University of Hawai'i at Hilo Athletic Department. SB 1252 would help UH Hilo Athletics to offset higher costs that are unique to Hawaii that our peers do not have to face.

These unique challenges are:

1. **BUDGET:** The overall median athletics budget for NCAA Division II institutions is \$5.7M. UH Hilo budget currently is \$3.6M, which ranks us in the lowest fourth quartile nationally.
2. **TRAVEL EXPENSES:** 70% of our operational budget is allocated to travel-related costs. In comparison, our peers on the mainland appropriate approximately 20 - 25% of their budget towards travel-related expenses.
3. **EXTERNAL SUPPORT:** UH Hilo is the only school in the PacWest Conference that does not presently have an "athletics student fee."
4. **RECRUITING COSTS:** It costs UH Hilo significantly more than our peers on the mainland to recruit student-athletes that can compete at the NCAA II level.

SB 1252 would assist in addressing these unique costs, which in turn would make us more competitive across the board while at the same time improving the overall student experience. This additional funding will also bring immeasurable benefits to the Big Island community and Hilo in terms of being a collective source of community pride.

Despite these challenges, however, UH Hilo athletics continues to perform academically at higher rates than the general student population in terms of retention and graduation. This is a reflection on our programs commitment and efforts in identifying quality students that are also excellent athletes.

UH Hilo also provides significant economic benefits to the State and the Big Island. While the athletics department does not yet have a detailed Economic Impact Study for the entire year, two studies were done recently by Dr. Tam VU of the UHH COBE on the economic impact of two collegiate events that were recently hosted by UHH. The PacWest Cross Country Championships and the Amer Ari Collegiate Golf Invitational



Office of Intercollegiate Athletics

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showed a \$2.8M dollar short and long-term economic impact to the State of Hawai'i and the Big Island. A more thorough analysis, which will be completed this summer, will show an even greater economic impact that UH Hilo Athletics brings to the state and our local communities over the course of the year with the various teams, families, students and visitors that our program attracts each and every year.

While the University of Hawai'i at Hilo believes it provides significant benefits to the community as well as to the State, including in tourism; it does not take a position on the merits of the source of the funds being from the transient accommodation taxes proposed in SB 1252.

The University of Hawai'i at Hilo respectfully requests passage of SB 1252.



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