

MINUTES

BOARD OF REGENTS' COMMITTEE ON INTERCOLLEGIATE ATHLETICS MEETING

August 18, 2014

I. CALL TO ORDER

Committee Chair, Jeffrey Portnoy, called the meeting to order at 11:30 a.m. on Wednesday, August 18, 2014, at the University of Hawai'i, Bachman 113, 2444 Dole Street, Honolulu, Hawai'i 96822.

Committee members in attendance: Committee Chair, Jeffrey Portnoy; Committee Vice Chair Michelle Tagorda; Barry Mizuno; Stanford Yuen.

Others in attendance: Regents Chair Randy Moore (Ex-Officio committee member); Lee Putnam (Ex-Officio committee member); President David Lassner; Vice President for Legal Affairs/University General Counsel Darolyn Lendio; Vice President for Budget and Finance/Chief Financial Officer Howard Todo; University of Hawai'i at Hilo Chancellor Donald Straney; Executive Administrator and Secretary to the Board Cynthia Quinn; and others as noted.

II. APPROVAL OF MINUTES OF THE FEBRUARY 5, 2014 MEETING

Upon motion by Regent Mizuno and second by Regent Yuen, the February 5, 2014 minutes were unanimously approved.

III. PUBLIC COMMENT PERIOD

Secretary to the Board, Cynthia Quinn, announced that no one signed up to present oral testimony, and no written testimony was received.

IV. AGENDA ITEMS

Status Report on Financial Condition of the University of Hawai'i at Mānoa Athletics

University of Hawai'i at Mānoa (UHM) Athletic Director (AD) Ben Jay provided and summarized a spreadsheet of expenses and revenues for UHM Athletics. He reported that Athletics is at a critical breaking point, with 11 of 13 programs being in deficits. There is an expected total deficit of \$1.5 million, based on optimistic revenue projections in ticket sales and fundraising. It is unlikely that the program will ever break even; only 26 schools across the nation do so. The Athletic Department needs the support of the community and legislature if the community wants Athletics to continue participation in Division 1 sports. The costs are anticipated to rise due to increased requirements to participate in the Division I conference and to compete against the Division I schools, all while keeping in compliance with Title IX law. Moving to Division II is not feasible because the team will quickly become irrelevant because the weak inferior conferences will lead to the

university losing television revenue, and they will have increased travel cost. Football makes money but not enough to support the entire Athletic program, and is costly due to travel costs, additional stipend costs, and additional new NCAA requirements. Reducing the other programs is difficult because only a few may make a difference, but the reduction would have to be balanced and in compliance with Title IX regulations.

AD Jay believes it's realistic to estimate a \$3 million deficit annually, even with current cost cutting measures, stretch goals, and targets already underway. The Athletic Department does not want to charge the students. Merchandising, parking, and sponsorships are not enough. The Sugar Bowl distribution only netted a few hundred thousand dollars. The solution is external support and partnerships with stakeholders. The current plan to move forward is to increase promotions, have a good season, and work on partnerships with stakeholders to increase fundraising.

University of Hawai'i at Hilo (UHH) Chancellor Donald Straney reported on UHH Division II athletics being a fiscal challenge, although highly valued by the community. The program does not break even, nor was there a mandate to do so. The breakdown of the UHH program sources of funding are $\frac{1}{4}$ general funds, $\frac{1}{2}$ fundraising and $\frac{1}{4}$ tuition funds.

The committee expressed concerns regarding the rise in costs impacting the Athletic Department, especially the exponential rise in costs because of the new Division I regulations. The committee asked for a business plan with justification, incorporating fundraising, operations, and future growth for the program. The committee recognized that student support will be tied to the pride of having a winning program, and raised the need to determine the role of athletics at UH in the face of balancing a system wide budget, with increasing tuition, and having to address the deferred maintenance backlog. The committee agreed that the community and legislature need to invest in Athletics, and recognized that UH football is the identity of the community and the entire state. In addition, the multiple merchandizing outlets need to be coordinated to avoid competing with each other. The committee stated that the Board is very supportive of UHM Athletics, and agrees that this issue must be quickly addressed.

Status Report on NCAA Academic Progress Rate Reports

AD Jay reported that the NCAA Academic Progress report for UHM Athletics showed that the performance rates were higher than required, and the 4-year GPAs are higher than average as compared to its peers. The department is happy with the progress and continues to work to reach its goals. Graduate assistants have been added to support the Academic Center.

UHH Dean of Arts and Sciences Randy Hirokawa, who also serves as the Faculty Athletic Representative, presented the report on behalf of UHH Athletics. Dean Hirokawa reported that the overall cumulative GPA and pass rates are all higher than required. The year-to-year retention is higher in nine of twelve programs. Currently the program is only four years into the period and UHH will report back in two years with more data.

V. ADJOURNMENT

There being no further business, on the motion of Vice Chair Tagorda and second by Regent Yuen, and with unanimous approval, the meeting was adjourned at 12:26 p.m.

Respectfully Submitted,

/S/

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents