UNIVERSITY OF HAWAIʻI SYSTEM
Legislative Testimony

Testimony Presented Before the
House Committee on Finance
Thursday, February 25, 2016 at 3:00 p.m.
by
Robert Bley-Vroman, Chancellor
and
David A. K. Matlin, Athletic Director
University of Hawaiʻi at Mānoa

HB 539 HD1 – RELATING TO UNIVERSITY OF HAWAII ATHLETICS

Chair Luke, Vice Chair Nishimoto, and members of the committee:

Thank you for the opportunity to submit testimony on HB 539, HD1. This bill requires the following:

- That the University of Hawaiʻi at Mānoa athletics department be a separate program ID in the state budget act.
- Scholarship funds paid by the athletics department be transferred to the University of Hawaiʻi at Mānoa athletics department.
- Prohibits allocation of general funds to the University of Hawaiʻi at Mānoa athletics department except for Title IX compliance.
- Requires that the University of Hawaiʻi at Mānoa men's teams collectively be self-sufficient.
- Requires the University to submit an annual report regarding the status of implementation of this act.

The University of Hawaiʻi supports the intent of the bill with suggested revisions. The University of Hawaiʻi at Mānoa athletics department recently completed an in-depth comprehensive assessment of its program. The exercise resulted in five main conclusions:

1. The University of Hawaiʻi at Mānoa athletics department is performing equal to or better than its peers both on-the-field and financially.
2. University of Hawaiʻi at Mānoa has $5.2 million of uniquely higher costs that our peer do not. Absent those higher costs, the University of Hawaiʻi at Mānoa athletics department would have finished 2015 with a budget surplus rather than a deficit.
3. The financial model of expecting the University of Hawaiʻi at Mānoa athletics department 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-$40 million per school - - compared to the University of Hawaiʻi at Mānoa's $2 million of media revenues.

4. Collegiate athletic programs typically receive “external support” made up of three components: student fees, direct government support and institutional support. Compared to its peers, the University of Hawai‘i at Mānoa athletics department program 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%.
5. The University of Hawai‘i at Mānoa athletics department produces significant economic benefits for the State of Hawai‘i including $66 million in direct spending, 864 jobs created, and $7 million in state tax collections.

The University of Hawai‘i very much appreciates that HB 539 HD1 would provide additional support for athletics and would request that the following amendments be considered for HB 539 HD1:

Delete language on page 2, lines 15-21 -

~~All appropriations to the University of Hawaii at Manoa athletics department in the general appropriations act and supplemental appropriations act shall be designated by a program identification number separate from all other University of Hawaii program identification numbers.~~

The proposed amendment would delete the establishment of a new separate program ID for University of Hawai‘i at Mānoa athletics department. It is our understanding that the intent of HB 539, HD1, can be implemented without a new program ID. As such, rather than establishing a new program ID, the University of Hawai‘i at Mānoa athletics department would propose that the intent be met through the existing structure at the University.

Delete language on page 3, lines 6-9 -

~~(b) Each fiscal year, the University of Hawaii shall transfer an amount equal to all tuition revenue paid by student athletes of the University of Hawaii at Manoa to the University of Hawaii Manoa athletics department.~~

The University of Hawai‘i cannot support this provision.

Delete language on page 3, lines 10-16 -

~~**§304A - (b)University of Hawaii at Manoa athletics department; general funds prohibited.** The University of Hawaii shall not allocate general funds to the University of Hawaii at Manoa athletics department, except as appropriated by the legislature for the purpose of complying with Public Law 92-318, Title IX of the federal Education Amendments of 1972, as amended.~~

This provision can be done administratively by the University of Hawai‘i.

The University of Hawai‘i respectfully requests consideration of the above amendments for HB 539 HD1. Thank you for your time and consideration of this testimony.