Testimony Presented Before the
House Committee on Higher Education
Tuesday, February 16, 2016 at 2:02pm
by
Robert Bley-Vroman, Chancellor
and
David A. K. Matlin, Athletic Director
University of Hawaii at Mānoa

HB 539 Proposed HD1 – RELATING TO THE UNIVERSITY OF HAWAII

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

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

- That the University of Hawai'i 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 Hawai'i at Mānoa athletics department.
- Prohibits allocation of general funds to the University of Hawaii at Mānoa athletics department except for Title IX compliance.
- Requires that the University of Hawai'i at Mānoa men's teams collectively be selfsufficient.
- Requires the University to submit an annual report regarding the status of implementation of this act to report annually.

The University of Hawai'i supports amendments to this bill. The University of Hawai'i 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 Hawai'i at Mānoa athletics department is performing equal to or better than its peers both on-the-field and financially.
- 2. University of Hawai'i at Mānoa has \$5.2 million of uniquely higher costs that our peer do not. Absent those higher costs, the University of Hawai'i 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 Hawai'i 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 Hawai'i at Mānoa's \$2 million of media revenues.
- 4. University 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.

HB 539, Proposed HD1, would help address the current low level of external support that the University of Hawai'i at Mānoa athletics department receives. The University respectfully requests the consideration of the following amendments.

Amend §304A – The University of Hawaii at Manoa Athletics department; program identification number.

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, Proposed 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.

Amend §304A, Part (a) - Athletic tuition waivers and scholarships to read as follows:

(a) The University of Hawaii shall annually allocate funds to the University of Hawaii at Manoa athletics department sufficient to cover all current tuition waivers and scholarships expenses of the awarded to University of Hawaii at Manoa Athletic Department student athletes.

The proposed amendment would make it clearer that the UH Mānoa Athletic Department would be made whole for all scholarship expenses, not only tuition or costs covered by waivers. For example, UH Mānoa Athletics also incurs costs for off campus housing for student-athletes as part of the scholarship award because of the limited on-campus housing available. In addition, the proposed amendment would

apply to not only student-athletes, but also graduate assistants and managers who are part of the program and for which scholarship expenses are incurred.

Delete §304A, Part (b) - Athletic tuition waivers and scholarships:

(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 §304A, - University of Hawaii at Manoa athletics department; general funds prohibited:

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

The University of Hawai'i respectfully requests consideration of amendments for HB 539, Proposed HD1. Thank you for your time and consideration of this testimony.