UNIVERSITY OF HAWAIʻI SYSTEM
Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
Senate Committee on Higher Education and the Arts
Senate Committee on Tourism and International Affairs
Friday, February 26, 2016 at 9:30am
by
Robert Bley-Vroman, Chancellor
and
David A. K. Matlin, Athletic Director
University of Hawaiʻi Mānoa

SB 83 SD1 – RELATING TO APPROPRIATIONS

Chairs Tokuda, Taniguchi and English, Vice Chair Dela Cruz and members of the committees:

Thank you for the opportunity to submit testimony on SB 83 SD1. This bill appropriates moneys from the tourism special fund for fiscal year 2016-2017 for travel expenses and subsidies incurred for the intercollegiate athletics program of the University of Hawaiʻi at Mānoa (UH Mānoa).

The UH Mānoa athletic department recently completed an in-depth comprehensive assessment of its program. The exercise resulted in four main conclusions:

1. The UH Mānoa athletic department is performing equal to or better than its peers both on-the-field and financially.
2. The financial model of expecting the UH Mānoa athletic 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 $30.0 -$40.0 million per school - - compared to the UH Mānoa's $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, the UH Mānoa athletic department 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. The UH Mānoa has $5.2 million of uniquely higher costs that our peers do not. Absent those higher costs, the UH Mānoa athletic department would have finished 2015 with a budget surplus rather than a deficit.

The University of Hawai‘i incurs high expenses (as much as $5.2 million) that are specific to Hawai‘i and are not incurred by other athletic programs. SB 83 SD1 would help address the portion that is due to higher travel expenses and to subsidies. Based on 2014 numbers reported to the NCAA Institutional Performance Program standardized data base, the UH Mānoa athletic department faces $3.0 million of higher travel related costs, which includes travel subsidies and guarantees to bring teams to Hawai‘i; as well as higher travel costs for our athletes to travel to the mainland as compared to our peer institutions.

This funding in SB 83 SD1 would help the school to continue offering competitive collegiate athletics events in the community as well as representing Hawai‘i nationwide and internationally. As the only Division I athletic program in the State, the UH Mānoa plays a significant role by providing opportunities for local athletes to compete at home at the collegiate level; providing residents with fan experiences over hundreds of events yearly; 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, the UH Mānoa athletic program also provides significant economic benefits to the State. An economic impact study released by the UH Mānoa Shidler College of Business on January 7, 2015 concluded that UH Mānoa 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 UH Mānoa athletic events are played or televised outside Hawai‘i, it is believed that impact would be even more significant.

While the UH 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 proposed in SB 83 SD1. 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. However, we do believe that UH athletics is a worthy endeavor that contributes significantly to the larger state economy and in that respects, warrants additional public investment.

The University of Hawai‘i respectfully requests passage of SB 83 SD1. Thank you for your time and consideration of this testimony.