

adopted 07/15/10

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Office of Intercollegiate Athletics • 1337 Lower Campus Road • Honolulu, Hawaii 96822-2370

June 15, 2010

MEMORANDUM

UNIVERSITY OF HAWAII
PRESIDENT'S OFFICE

TO: Howard Karr
Chairperson, Board of Regents

VIA: M.R.C. Greenwood *Linda Beard*
President, University of Hawai'i

VIA: Virginia S. Hinshaw *V. S. Hinshaw*
Chancellor, University of Hawai'i at Mānoa

FROM: James J. Donovan, III *J. J. Donovan*
Director of Athletics

RE: Approval of Mandatory Student Athletic Fee

10 JUL -6 P4:55
UNIVERSITY OF HAWAII
BOARD OF REGENTS

SPECIFIC ACTION REQUESTED:

It is requested that the Board of Regents approve a new mandatory Student Athletic Fee of \$50 per semester per student beginning the 2011 spring semester to support the University of Hawai'i at Mānoa Athletics Department (UHMAAD). This action would eliminate ticket costs for seats allocated to students to attend home athletic contests and improve campus spirit. All full-time and part-time undergraduate and graduate students enrolled at the University of Hawai'i at Mānoa will be assessed the fee and be eligible for the benefits.

RECOMMENDED EFFECTIVE DATE:

Upon Board approval.

ADDITIONAL COST:

The fee assessed to students to attend the University of Hawai'i at Mānoa will increase by \$50 per semester. We are proposing to increase the amount of seats allocated to students to ten percent of the seats in Aloha Stadium for football and five percent of the seats in the Stan Sheriff Center and Les Murakami Stadium. These seats are valued at approximately \$2,000,000 annually and will be provided in exchange for a student fee of similar value.

Howard Karr
Chairperson, Board of Regents
June 15, 2010
Page 2 of 6

PURPOSE:

A Student Athletic Fee will be used to:

1. Enhance UHMAD revenue to assist with expenses such as scholarships, travel and subsistence, materials and supplies, and other expenses directly beneficial to student-athletes and necessary to offer a competitive National Collegiate Athletic Association (NCAA) Division I-A athletic program that promotes increased awareness of, and pride in, the State of Hawaii and the University of Hawaii at Manoa;
2. Eliminate ticket costs for seats allocated to students to attend home athletic contests and further enhance campus spirit, and
3. Provide a budget of five to eight percent of the total student athletic fee collected to support a variety of activities for students. These activities will be designed to enhance the student experience related to athletics and could include transportation, tailgates, increased access to facilities for recreation, prize give-aways, concerts, etc. The use of the funds for student activities would be determined by a Student Athletic Fee Committee (SAFC). The committee will be chaired by the Vice Chancellor for Students and the UHMAD will be represented. The balance of the membership of the SAFC will be determined and could be composed of members from the ASUH, GSO, Athletic Advisory Board, Residence Hall Association, the Student Activity and Program Fee Board, and student life. The SAFC will work on determining the best use of these funds and also receive an annual report on how the total fees collected were spent. This will be a student-majority committee.

A Student Athletic Fee is a revenue source available to almost all NCAA Division I-A (Football Bowl Subdivision) public colleges and universities, and will assist us with maintaining a competitive athletics program, achieving our goal of a balanced annual operating budget, and supporting our campus and student activities.

BACKGROUND INFORMATION:

Student organization fees are mandatory fees as described in Board of Regents Policy Chapter 6 and are used to fund the operations of student governance organizations and other co-curricular student activities, publications, broadcasting, and campus center operations. The opportunity to participate in intercollegiate athletics is a co-curricular student activity. In accordance with Board of Regents Policy, Chapter 6, the Board of Regents establishes tuition, fees, and other charges. The authority to set the amounts of certain fees may be delegated by the Board in accord with this policy. Unless otherwise specified in this policy, the President may further delegate any authority to set the amounts of

Howard Karr
Chairperson, Board of Regents
June 15, 2010
Page 3 of 6

fees that is delegated to the President. Therefore, this action to establish a student athletic fee requires BOR approval.

The University of Hawai'i at Mānoa Athletics Department (UHMAD) has recently completed a new strategic plan: *A 21st Century Strategy for Enhancing Our Winning Tradition*. The plan proposes new vision and mission statements.

The **Vision** of the UHMAD is to bring pride to Hawai'i through championship-caliber competition.

The **Mission** of the UHMAD is to prepare our student-athletes to become successful in Life.

The proposed fee will enhance UHMAD revenues and assist with scholarships, travel and subsistence, materials and supplies, and other expenses. The Student Athletic Fee will not be spent on compensation and benefits. In addition, it will eliminate ticket costs for seats allocated to students and further build our campus spirit and promote student activities. We propose the fee for several reasons:

- (1) The role of the UHMAD is to serve the student-athlete through an academic degree program and through intercollegiate sports to develop their capabilities to the fullest. Furthermore, our role is to promote sportsmanship, equal opportunity, and diversity among participants in our athletics programs. In addition, the Department strives to contribute toward the economic development of Hawai'i through our intercollegiate sports programs that bring excitement to our fans as well as competitors' fans, and to the supporters and stakeholders of the State of Hawai'i. Also, the sports programs stimulate TV, radio, media coverage, and other industries to promote events throughout our islands, on the U.S. mainland, and abroad, displaying our Aloha Spirit and our paradise.

Many people first become acquainted with the University by hearing about one of our athletic programs or attending/watching a game. The athletics program serves as a "front porch" to the University and it is important that our front porch be welcoming and inviting to all who enter – including prospective and existing students in addition to community and alumni members, that it engage our University and community, and that we represent the University in a first-class manner.

- (2) The UHMAD financial situation is common amongst other NCAA universities and colleges. During fiscal year 2008, of the approximately 119 NCAA Division 1-A (Football Bowl Subdivision) universities and colleges, there were 25 profitable programs with an average generated

net income of \$3.9 million and 94 non-profitable programs with an average generated net loss of \$9.9 million. The UHMAD generated a net loss of \$5.6 million (excluding Sugar Bowl net revenue of \$2.7 million and direct institutional support of \$5.2 million) for fiscal year 2008, which was lower than the median generated net loss of Division 1-A institutions of \$8.1 million. According to the 2004-08 NCAA Revenues and Expenses of Division I Intercollegiate Athletics Program Report, the median budget for Division I-A athletic programs was \$41,363,000 while the UHMAD budget for fiscal year 2010 is approximately \$28,000,000.

The UHMAD continually works to reduce the net loss and as such, generates more than 80 percent of its own revenue each year through ticket sales, NCAA and Western Athletic Conference (WAC) distributions, donor contributions, broadcast, television, radio and internet rights, royalties and sponsorships, program sales, concessions, sports camp revenues, endowment and interest income and other sources. Our peer institutions in the WAC and the Mountain West Conference generate on average approximately 50 percent of their revenue, a significantly lower percentage compared to UHMAD.

However, the UHMAD continues to face some unique challenges impacting our program funding and costs:

- The University does not have its own football stadium and, therefore, we do not receive revenue from concessions, parking, and merchandise sales at home football games; and
- We are 2,500 miles away from our nearest competitor on the west coast leading to increased costs for travel above what comparable institutions face that are located on the continent.

(3) Unlike most of our peer institutions, the UHMAD does not currently receive revenue from a Student Athletic Fee. All of the other universities in the WAC have implemented a Student Athletic Fee to support athletics. (See Attachment 1, *Student Fees in WAC*, in the proposal.) Many public, NCAA Division I-A universities also receive a student athletic fee and in return provide reduced cost or complimentary tickets for students to attend athletic contests. Such fees are used by other universities to support their athletics programs in a manner similar to what we propose.

In addition, the proposed \$50 per semester was based on examining other institution athletic fees and evaluating the benefits provided to the students.

- (4) The UHMAD will eliminate ticket costs and increase the number of seats allocated to students at home athletic competitions. Currently, we provide students with the opportunity to purchase tickets at Aloha Stadium (Football), Stan Sheriff Center (Men's and Women's Volleyball and Men's and Women's Basketball) and Les Murakami Stadium (Baseball) at a significantly reduced cost. We charge students anywhere from \$30 to \$75 for season tickets to various sports and provide an all-sports pass allowing 10 event entries for \$40. In this fee proposal, these current charges will be dropped. We are proposing to increase the amount of seats available to students to ten percent of seats at Aloha Stadium for football and five percent of seats at the Stan Sheriff Center and Les Murakami Stadium, and is outlined per venue as follows:

Proposed Seat Allocation

	Approximate Current Allocation	Proposed Additional Allocation	Total Allocation
Aloha Stadium (50,000 capacity)	3,500 (7.0%)	1,500 (3.0%)	5,000 (10.0%)
Stan Sheriff (10,300 capacity)	376 (3.7%)	139 (1.3%)	515 (5.0%)
Les Murakami (4,312 capacity)	24 (0.5%)	201 (4.7%)	225 (5.2%)

- (5) Five to eight percent of the total student athletic fee collected will be used to support a variety of activities for students designed to enhance the student experience related to athletics. The use of the funds will be determined by the Student Athletic Fee Committee (SAFC).

This fee proposal and the benefits included is applicable to students attending the University of Hawai'i at Mānoa. Students attending other campuses are not eligible for complimentary tickets and will pay the regular price. The proposed fee is mandatory so it will increase the cost of attendance by \$100 per academic year (\$50 per semester). As it is mandatory, it can be covered by financial aid and, therefore, should not impact access.

The fees will be collected during the regular payment of tuition and fees and will be allocated to the UHMAD. The UHMAD will provide an annual report on how the Student Athletic Fee was expended to the proposed SAFC within 30 days of the Board of Regents approval of the prior fiscal year audit.

Based on the foregoing, the UHMAD feels that this athletic fee proposal is appropriate and necessary to assist the campus athletics program, support

Howard Karr
Chairperson, Board of Regents
June 15, 2010
Page 6 of 6

student activities and participation in events, increase campus spirit and further promote awareness of UHM and the State of Hawai'i.

A student athletic fee was proposed by UHMAD, during the 2009 spring semester. The UHM Athletics Director, Associate Athletics Director, the Vice Chancellor for Students and the Chancellor began consulting with student leadership groups at that time. The proposal was discussed with representatives from ASUH, Graduate Student Organization (GSO), Student-Athlete Advisory Committee (SAAC), and Campus Fee Advisory Committee at meetings throughout the 2009 spring semester. Subsequently, early in the 2010 spring semester a Student Activity and Program Fee Board Working Group comprised of student and staff representatives was established with the objective to discuss a proposed fee increase to the existing Student Activity and Program Fee to support increased programming for areas including athletics. A recommendation was not forwarded from this working group and as such, we began to meet again starting early May 2010 with GSO, ASUH and the ASUH Executive Team on the proposed Student Athletic Fee. Feedback and suggestions that have been presented during this consultation process with students have been considered and, when possible, included in the proposal. Some areas related to the benefits the students will receive remain under consideration and the SAFC, as proposed, will continue to represent student interests.

ACTION RECOMMENDED:

It is requested that the Board of Regents approve a new mandatory Student Athletic Fee beginning the 2011 spring semester of \$50 per semester per student to support the University of Hawai'i at Mānoa Athletics Department (UHMAD), eliminate ticket costs for seats allocated to students to attend home athletic contests and improve campus spirit. All full-time and part-time undergraduate and graduate students enrolled at the University of Hawai'i at Mānoa will be assessed the fee and be eligible for the benefits

Attachment 1 Student Athletic Fee Proposal

University of Hawai'i at Mānoa
Fee Proposal for Review

Name of Fee Student Athletic Fee

Proposed action:

Establish a new fee/person of \$50.00

- Change an existing fee. Current amount of the fee/person \$ Not Applicable
- Increase the fee/person to \$ _____
 - Decrease the fee/person to \$ _____
 - Eliminate the fee.

Check Fee Type (refer to Board of Regents policies

<http://www.hawaii.edu/offices/bor/policy/index.html>):

- Mandatory Student Fees: *list type* Student Activity and Program Fee
- Professional Fees: *list type* _____
- Housing Fees *list type* _____
- Ancillary and Auxiliary Service Fees *list type* _____
- Course and Laboratory Fees: *list type* _____
- Transaction and Service Fees: *list type* _____
- Commercial Enterprise and other Self supporting operations: *list type* _____

Submission Dates/Deadlines
1st Round – by October 1
2nd Round – by February 1

Proposals submitted after these dates will be reviewed in the following round.

	James J. Donovan	May 15, 2010
* Requestor Signature	Printed Name	Date

Department: Athletics Contact #: 6-6523 Email: jdonovan@hawaii.edu

* Requestor must secure approvals from the appropriate 1) Dean/Director/Sponsoring Office/Unit head and 2) Vice Chancellor prior to submitting the proposal for review by the Campus Fee Advisory Committee.

			<input type="checkbox"/> recommend
Fee Advisory Chair Signature	Printed Name	Date	<input type="checkbox"/> not recommend
			<input type="checkbox"/> recommend
Vice Chancellor Signature	Printed Name	Date	<input type="checkbox"/> not recommend
			<input type="checkbox"/> recommend
Chancellor Signature	Printed Name	Date	<input type="checkbox"/> not recommend

Submit the original signed cover page, proposal statement and budget to:
Mānoa Chancellor's Office, Hawai'i Hall 202

*Proposals will be reviewed by the Campus Fee Advisory Committee

Convened by the Vice Chancellor for Students, Queen Lili'uokalani Center for Student Services, Room

Fee Proposal for Review – Page 2
Proposal Statement

Name of Proposed Fee: Student Athletic Fee

I. Purpose of the fee (new, increase, decrease), who will be charged, and a statement of need

We are recommending a new mandatory Student Athletic Fee of \$50 per semester per student beginning the 2011 spring semester to support the University of Hawai'i at Mānoa Athletics Department (UHMAD). This action would eliminate ticket costs for seats allocated to students to attend home athletic contests and improve campus spirit.

All full-time and part-time undergraduate and graduate students enrolled at the University of Hawai'i at Mānoa will be assessed the fee and be eligible for the benefits.

A Student Athletic Fee will be used to:

1. Enhance UHMAD revenue to assist with expenses such as scholarships, travel and subsistence, materials and supplies, and other expenses directly beneficial to student-athletes and necessary to offer a competitive National Collegiate Athletic Association (NCAA) Division I-A athletic program that promotes increased awareness of, and pride in, the State of Hawai'i and the University of Hawai'i at Mānoa;
2. Eliminate ticket costs for seats allocated to students to attend home athletic contests and further enhance campus spirit; and
3. Provide a budget of five to eight percent of the total student athletic fee collected to support a variety of activities for students. These activities will be designed to enhance the student experience related to athletics and could include transportation, tailgates, increased access to facilities for recreation, prize give-aways, concerts, etc. The use of the funds for student-activities would be determined by a Student Athletic Fee Committee (SAFC). The committee will be chaired by the Vice Chancellor for Students and the UHMAD will be represented. The balance of the membership of the SAFC will be determined and could be composed of members from the ASUH, GSO, Athletic Advisory Board, Residence Hall Association, the Student Activity and Program Fee Board, and student life. The SAFC will work on determining the best use of these funds and also receive an annual report on how the total fees collected were spent. This will be a student-majority committee.

II. Explanation of how the proposed fee will impact the level and quality of service provided

The University of Hawai'i at Mānoa does not currently receive revenue from a Student Athletic Fee. Other universities in the Western Athletic Conference (WAC) have implemented a Student Athletic Fee to support athletics (Attachment 1). Many public NCAA Division I-A universities receive a student fee and in return provide reduced cost or complimentary tickets for students to attend athletic contests (Attachment 2).

Currently, we provide students with the opportunity to purchase tickets at Aloha Stadium (Football), Stan Sheriff Center (Men's and Women's Volleyball and Men's and Women's Basketball) and Les Murakami Stadium (Baseball) at a significantly reduced cost. We are proposing to increase the amount of seats allocated to students to ten percent of seats at Aloha Stadium for football and five percent of seats at the Stan Sheriff Center and Les Murakami Stadium valued at approximately \$2,000,000 in exchange for a student fee of similar value.

Fee Proposal for Review – Page 3

Proposed Seat Allocation

	<u>Approximate Current Allocation</u>	<u>Proposed Additional Allocation</u>	<u>Total Allocation</u>
Aloha Stadium (50,000 capacity)	3,500 (7.0%)	1,500 (3.0%)	5,000 (10.0%)
Stan Sheriff (10,300 capacity)	376 (3.7%)	139 (1.3%)	515 (5.0%)
Les Murakami (4,312 capacity)	24 (0.5%)	201 (4.7%)	225 (5.2%)

If an identified demand for student tickets occurs beyond the level we are proposing to allocate, we will consult with the Student Athletic Fee Committee. This fee proposal will include only students attending the University of Hawai'i at Mānoa. Students attending other campuses are not eligible for complimentary tickets and will pay the regular price.

A Student Athletic Fee offers an opportunity for the University of Hawai'i at Mānoa Athletics Department and the ASUH to work together to increase opportunities for students to attend games and provide financial support for a competitive and entertaining athletics program.

Five to eight percent of the total student athletic fee collected will be used to support a variety of activities for students designed to enhance the student experience related to athletics. The use of the funds will be determined by the (SAFC). This will be a student-majority committee.

III. Supporting Analysis

This proposed fee is mandatory so it will increase the cost of attendance by \$100 per academic year (50 per semester). As it is mandatory, it can be covered by financial aid and therefore should not impact access.

Attachment 1 contains a list of similar fees at our peer institutions – members of the WAC. This information was provided by the WAC Office. Attachment 2 contains a list of similar fees at a variety of public universities. This information is the result of a survey by members of the Collegiate Athletic Business Managers Association.

Fee Revenue/Expense Projection

IV. Explanation of how fees will be collected and allocated. i.e. to the division, unit, per service, per student request.

The fees will be collected during the regular payment of tuition and fees and will be allocated to the Athletics Department. The Athletics Department will provide an annual report on how the Student Athletic Fee was expended to the Student Athletic Fee Committee within 30 days of the Board of Regents approval of the prior fiscal year audit. The athletic fee will be spent on scholarships, travel and subsistence, materials and supplies, guarantees, and other expenses. The Student Athletic Fee will not be spent on compensation and benefits.

Fee Proposal for Review - Page 4
Fee Revenue/Expense Projection

Name of Proposed Fee Student Athletic Fee

Department Name: Athletics Proposed Fee Amount(s): \$50 per Semester

This is an active Excel worksheet. You can amend the format to meet your revenue and expense calculation needs. Double click on the sheet to activate the worksheet.

Projections for one year

Revenue Projections	Proposed Fee (nearest whole \$)	# Individuals/ term	# terms/ year	Estimated Revenue
Student Athletic Fee	\$50.00	20,000	2	\$2,000,000
Fee name				\$0
Fee name				\$0
Fee name				\$0
Fee name				\$0
(insert rows to expand # of lines)				
Subtotal, Estimated Revenue				\$2,000,000

Expenditure Projections	Cost/item	# items	Estimated Expense
Cost item or category	Scholarships		\$5,917,000
Cost item or category	Travel and subsistence		\$3,921,000
Cost item or category	Materials and supplies		\$1,627,000
Cost item or category	Guarantees		\$1,583,000
Cost item or category	Other expense		\$4,053,000
Cost item or category	Student promotions and activities		To be determined
Cost item or category			
Cost item or category			
Cost item or category			
Cost item or category			
(insert rows to expand # of lines)			
			\$17,101,000

Net -\$15,101,000

Average annual debt payments (if applicable) \$0

Debt Coverage Ratio for funds with outstanding capital project loans Not Applicable

Student Fees in the WAC

School	\$ Student Fee/Student	Estimate Revenue (Annual)	Notes
Boise State	\$ 101.00	\$ 1,905,466	FT student fee per semester; free admission to all events; guest tickets at 1/2 price
Boise State	\$ 9.65	\$ 1,052,072	PT Student fee per credit hour, 1/2 price tickets to all events
Fresno State	\$ 39.00	\$ 1,429,521	per semester
Hawaii	\$ -	\$ -	No student fees
Idaho	\$ 124.12	\$ 2,220,000	FT student fee per semester; free admission to all events
LA Tech	\$ 10.00	\$ 232,549	Fee per quarter; prorated for those with less than 8 credits, share annual revenue w/intramural sports
Nevada	\$ 2.00	\$ 600,000	\$2/credit hr; free admission to all events
New Mexico State	\$ 74.12	\$ 2,613,320	Fee per semester; free admission to all events
San Jose State	\$ 77.50	\$ 4,714,849	Fee per semester for all-student with 6 or more credits; free admission to all events
Utah State	\$ 123.22	\$ 3,700,000	Fee per semester for all student with 13 credits; free admission to all events

***AS OF 1/22/2010

2007-08 Student Athletic Fee On-Line Survey by College Athletic Business Managers Association (CABMA)		
Institution	Athletics Student Fee - Per Student	Athletics Student Fee Revenue Per Year (Estimate)
Ball State	<i>Institutional Support Only</i>	\$8,952,000
Bowling Green University	\$266.18 per semester	\$8,988,604
Cleveland State University	Receive 75% of general fee	\$6,100,000
Colorado State University*	\$88.85 per semester	\$4,000,000
East Carolina University	\$240.50 per semester	\$9,139,000
Florida Atlantic University	\$13.75 per credit hour	\$8,050,000
Idaho State University	\$103.40 per semester (FT) \$3/hour (PT)	\$1,820,729
Kent State	\$600 per student	\$9,000,000
Louisiana State University	\$0.00	\$0
Miami University	\$430 per semester	\$14,100,000
Michigan State University	\$0.00	\$0
Middle Tennessee State University	\$125 per semester	\$5,400,000
North Carolina State University	\$62.50 per semester	\$3,125,000
Northern Illinois	\$16.19 per credit max \$194 per semester.	\$7,128,877
Northwestern State University	\$3.50 per credit up to 15 credits	\$850,000
Ohio University	\$513 per quarter	\$11,362,279
Oregon State University	\$24.03 per quarter	\$1,203,840
Southern Mississippi University	\$180 per semester	\$5,400,000
Temple University	\$22.50 per semester	\$1,150,000
Texas State University**	\$20 per credit hour up to 12 credits	\$15,000,000 (by 2013)
United States Naval Academy	\$12 per month	\$500,000
University of Akron	<i>Institutional Support Only</i>	15,624,000.00
University of Albany	\$199.50 per semester	\$4,630,000
University of Buffalo	\$207.50 per semester	\$6,700,000
University of California - Davis Operating	\$133.46 per semester	\$6,021,553
University of California - Davis Scholarships	\$91.50 per semester	\$4,305,953
University of Central Florida	\$12.10 per credit hour	\$15,000,000
University of Colorado	\$28.50 per semester	\$1,500,000
University of Florida*	\$1.90 per credit hour	\$2,000,000
University of Kentucky	\$14 per semester	\$630,000
University of Maryland	\$159.65 per semester	\$8,000,000
University of Massachusetts - Boston	\$7.38 per credit/max of \$88.50 per semester	
University of Memphis	\$200 per semester	\$7,000,000
University of Missouri - Kansas City	\$51.32 per semester	\$997,507
University of Montana	\$46 per semester	\$796,500
University of North Carolina - Charlotte	\$230 per semester	\$8,800,000
University of North Florida*	\$12.68 per credit hour	\$3,600,000
University of North Texas**	\$10 per credit hour/cap at 15 credit hours	\$8,000,000
University of Northern Iowa	\$56.10 per semester	\$1,210,148
University of Pittsburgh	Flat Distribution	\$1,326,000
University of South Florida	\$10.52 per credit plus \$10 per semester	\$10,900,000
University of Tennessee - Chattanooga	\$60 per semester	\$1,900,000
University of Texas San Antonio**	\$20 per credit hour up to 12 credits	\$17,000,000 (by 2013)
University of Utah*	\$57.56 per semester	\$2,500,000
University of Wisconsin - Green Bay	\$105.50 per semester	\$973,433
University of Wyoming	\$65 per semester or \$130 per year	\$1,100,000
Western Kentucky University	\$187 per semester	\$5,764,000
Wichita State University	Flat Distribution	\$2,178,419

* Indicates a newly approved or proposed fee that has not been fully implemented in 2008

Indicates estimated revenue based on student fee