



COMMITTEE ON HIGHER EDUCATION  
Senator Donna Mercado Kim, Chair  
Senator Michelle N. Kidani, Vice Chair

**S.C.R. NO. 142, REQUESTING THE OFFICE OF THE AUDITOR TO CONDUCT A  
FINANCIAL AND PERFORMANCE AUDIT OF THE UNIVERSITY OF HAWAII AT  
MANOA ATHLETICS DEPARTMENT**

Hearing: Thursday, March 20, 2025, 3:01 p.m.

The Office of the Auditor offers the following comments on SCR. No. 142, which requests the Office of the Auditor to conduct a financial and performance audit of the University of Hawai'i at Mānoa Athletics Department (Mānoa Athletics Department).

We do not have the expertise to conduct financial audits. We contract with independent CPA firms to conduct the financial and single audits of 24 state departments and programs as well as the State of Hawai'i Annual Comprehensive Financial Report. We do not have sufficient funds in the Audit Revolving Fund or in our operating budget to contract with an independent CPA firm for the financial audit of the Mānoa Athletics Department requested by this concurrent resolution.

SCR No. 142 requests the Office of the Auditor to audit the Mānoa Athletics Department “to ensure that the department is operating in an effective, fiscally responsible, and comprehensively supportive manner.” That request, however, is very broad and will require us to develop specific audit objectives based on our assessment of risk. The objectives that we develop will relate to a specific Mānoa Athletics Department activity that is key to achieving the department’s purpose, but that activity may not be what the Legislature is interested in understanding. To ensure that our audit assesses the department’s performance of the activity of interest to the Legislature, we recommend that SCR No. 142 more be amended to specifically identify that activity or to define the requested objective of the audit. For instance, we can audit the Athletics Department’s use and management of its funds, assessing whether the department’s actual expenditures are consistent with its policies and procedures. Similarly, we can assess the department’s Name, Image, and Likeness program. However, we cannot audit the breadth of the areas identified in the resolution in the requested timeframe.

We are available to craft a more specific request that will focus our audit to assess the department’s performance of the activity that is of most interest to the Legislature.



**UNIVERSITY OF HAWAII SYSTEM**

**‘ŌNAEHANA KULANUI O HAWAII**

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

**LATE**

Testimony Presented to the  
Senate Committee on Higher Education  
Thursday, March 20 2025 at 3:01 p.m.

By

Lois Manin

Acting Athletic Director

and

Michael Bruno

Provost, University of Hawai'i at Mānoa

SCR142/SR160 – REQUESTING THE OFFICE OF THE AUDITOR TO CONDUCT A FINANCIAL AND PERFORMANCE AUDIT OF THE UNIVERSITY OF HAWAII AT MANOA ATHLETICS DEPARTMENT.

Chair Kim, Vice Chair Kidani, and Members of the Committee:

Thank you for the opportunity to provide testimony on SCR142/SR160 which requests the Office of the Legislative Auditor to conduct a financial and performance audit of the University of Hawaii at Manoa Athletics Department (UH Athletics). The University is supportive of these resolutions but offer the following comments.

The University would like to note that per NCAA Bylaws 20.2.4.17<sup>1</sup>, an audit on the Athletics Financial report is conducted annually by an independent accounting firm. The audit covers the operating revenues, expenses and capital for the fiscal year. The last

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<sup>1</sup> NCAA Bylaw 20.2.4.17 Operating and Capital Financial Data Report. An active member institution shall submit financial data detailing operating revenues, expenses and capital related to its intercollegiate athletics program to the NCAA on an annual basis in accordance with the financial reporting policies and procedures. The required data shall include, but is not limited to, the following: (Adopted: 1/17/09 effective 8/1/09, Revised: 1/20/22)

- (a) All expenses and revenues for or on behalf of an institution's intercollegiate athletics program, including those by any affiliated or outside organization, agency or group of individuals;
- (b) Salary and benefits data for all athletics positions. The data shall include base salary, bonuses, endorsements, media fees, camp or clinic income, deferred income and other income contractually guaranteed by the institution;
- (c) Capital expenditures (to be reported in aggregate for athletics facilities), including capitalized additions and deletions to facilities during the reporting period, total estimated book value of athletically related plant and equipment net of depreciation, total annual debt service on athletics and university facilities and total debt outstanding on athletics and university facilities;
- (d) Value of endowments at fiscal year-end that are dedicated to the sole support of athletics;
- (e) Value of all pledges at fiscal year-end that support athletics; and
- (f) The athletics department fiscal year-end fund balance.

20.2.4.17.1 Verification and Certification. The report shall be subject to annual agreed-on verification procedures approved by the membership (in addition to any regular financial reporting policies and procedures of the institution) and conducted by a qualified independent accountant who is not a staff member of the institution and who is selected by the institution's chancellor or president or by an institutional administrator from outside the athletics department designated by the chancellor or president. The independent accountant shall verify the accuracy and completeness of the data prior to submission to the institution's chancellor or president and the NCAA. The institution's chancellor or president shall certify the financial report prior to submission to the NCAA. (Adopted: 1/17/09 effective 8/1/09, Revised: 1/20/22)

audit was presented to the Board of Regents Committee on Independent Audit on December 5, 2024, which was for Fiscal Year 2024.

While the University is supportive of audits to improve accountability and operational efficiency, the purpose of these resolutions seemed to be duplicative of what is already conducted to meet the NCAA Bylaws.

### **Net Income**

UH Athletics has posted a net income in the past two fiscal years with \$961,034 in FY 2023 and \$243,882 in FY 2024. The NCAA Report reflects a different amount due to the manner in which UH Athletics is required to report revenues and expenses. In the NCAA report, the revenues and expenses of the department (university state funds) and UH Foundation are consolidated and reported in total. Also included in the FY 2024 NCAA report is an accrual of \$1.6M of expenses for hazard pay for HGEA athletic employees paid in FY 2025. The University agreed to pay for the hazard pay after the FY 2024 NCAA report was issued.

During the 2024 calendar year, the leadership of the University of Hawai'i Athletics Department engaged in a strategic planning process, recognizing the importance of taking a broader view toward the future at a critical moment of change and opportunity.

### **UH Athletics Priorities**

We have identified five priorities in navigating the current landscape.

**1. House Settlement Planning** – We are establishing plans for how we will approach the administration of scholarships, revenue sharing, cost of attendance, and Alston award monies. In addition, we are folding in how we will recover from the back pay that will be withheld from our Big West Conference distribution (\$463,427) and creating a structure on how we will handle NIL transactions and fulfillment within the Department. March 1, 2025, was the deadline for institutional participation (Opt - In). We, along with the majority of our peer institutions, “Opted-In” to the settlement. This participation enables institutions to compensate their student-athletes directly and implement the new scholarship and roster policies. A hearing is scheduled for April 7, 2025, where Judge Claudia Wilken will make a final judgement on accepting or not accepting the terms of the settlement.

**2. Preparation for full membership in the Mountain West Conference (beginning in 2026-27)** – This includes analysis of operating budgets related to the new Mountain West Conference members, benchmarking coaching numbers and salaries, and staffing. We are also forecasting the change in travel with regard to new destinations, costs, and missed class time.

**Football** – unchanged except to Illinois (Northern Illinois)  
**Baseball, Men’s and Women’s Basketball, Women’s Cross Country, Women’s Volleyball, Women’s Soccer, Softball, Men’s and Women’s Tennis, Men’s and Women’s Golf, Women’s Track and Field** – from California to Texas, New Mexico, Nevada, Wyoming and Colorado  
**Women’s Beach Volleyball, Men’s Volleyball, Women’s Water Polo, Men’s Swimming and Diving** – unchanged (continue membership in the Big West Conference)

**3. Fundraising/NIL** – Continue existing fundraising efforts and engage new UH Foundation liaison to athletics on cultivating major gifts. Coordinate a collaborative effort between Learfield (Corporate Sponsorships), UH Foundation and ‘Ahahui Koa Anuenue to balance fundraising and NIL efforts and eliminate threats of donor frustration.

**4. Facility Upgrades and Maintenance** – UH Athletics continues to fall behind peer institutions in facility upgrades. A Facility Master Plan has been created but remains aspirational as no funding source has been discussed. The football team will play their fifth season in the temporary Ching Stadium in 2025, with no contracted commitment to build a permanent stadium by Fall 2028. A Performance Center for all student-athletes is also absent on lower campus, a facility that is an industry-standard across a majority of the Group of 5 schools.

**5. Plan B for Football Stadium** – Aloha Halawa District Partners and the Stadium Authority are seeking additional funding to invest directly in the stadium or to the district infrastructure to build a more modernized stadium—Governor Green’s discussion with potential private investors interested in funding the project.

### **Strategic Plan and Process**

The current working draft of the three-year strategic plan (2025-28) establishes a roadmap for advancing UH Athletics while navigating the evolving landscape of collegiate sports. The working draft is structured around five strategic focus areas that will guide decision-making and actions:

- 1. Uplift the Student-Athlete Experience** – Ensuring academic and athletic success, career preparation, health and well-being, and strong financial support for student-athletes.
- 2. Achieve Financial Sustainability and Fiscal Prosperity** – Implementing a sustainable funding model, maximizing revenue generation, and ensuring the department’s financial health through diversified partnerships and expanded donor engagement.
- 3. Improve Athletic Excellence and Representation** – Strengthening program competitiveness, supporting coaching development, investing in resources for student-athletes, and securing a strong conference position.

4. **Engage the University and Statewide Community** – Redefining valued relationships with the UH System, alumni, fans, legislators, and Hawai'i's business community to enhance visibility, attendance, and advocacy.
5. **Strengthen University and Athletics Department Production and Operations** – Improving operational efficiencies and professional development while fundamentally emphasizing communication and celebrating success.

This final Strategic Plan will underscore the pressing nature of key challenges, including financial constraints, rising operational costs, conference realignment, student-athlete compensation models, and the urgent need for facility improvements, particularly regarding football stadium development. These realities are outlined in sections focused on a Competitive Analysis and the Financial Context of the NCAA Division I/FBS sector in which the Department operates. The strategic goals and actions outlined in the draft Plan include actionable aspirations but depend on the availability of resources prudently allocated.

While we believe the central pieces of the final strategic plan have been completed, the obvious need for input from the incoming athletics director has led us to pause finalizing the plan. The President's search for the new athletic director will conclude in the Summer of 2025, and we eagerly await finalization of the plan with the new athletics director, well before the 2026 legislative session begins.

Success will require statewide collaboration – from university leadership and government support to businesses, alumni, fans, and the entire Hawai'i community. Together, we, who share a common interest in the athletics program, can build a stronger, more sustainable, and nationally competitive UH Athletics program that continues to inspire and unite Hawai'i for generations to come.

Thank you for the opportunity to submit testimony on this bill.