

The Regents of the University of California

SPECIAL COMMITTEE ON ATHLETICS

November 13, 2024

The Special Committee on Athletics met on the above date at the UCSF-Mission Bay Conference Center, San Francisco campus and by teleconference meeting conducted in accordance with California Government Code §§ 11133.

Members present: Regents Beharry, Hernandez, and Robinson; Ex officio members Drake and Reilly; Advisory members Brooks, Palazoglu, and Wang, Chancellor Lyons and Interim Chancellor Hunt

In attendance: Regents Cohen, Leib, and Salazar, Faculty Representative Cheung, Staff Advisors Emiru and Frías, Secretary and Chief of Staff Lyall, General Counsel Robinson, Executive Vice President and Chief Financial Officer Brostrom, Chancellor Wilcox, and Recording Secretary Li

The meeting convened at 4:40 p.m. with Special Committee Chair Hernandez presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of May 14 and September 19, 2024 were approved, Regents Beharry, Drake, Hernandez, Reilly, and Robinson voting “aye.”¹

2. CAMPUS ATHLETICS OVERVIEW: UC BERKELEY AND UC RIVERSIDE

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chancellor Wilcox noted that the University of California was the only university system in the country with eight campuses that are members of the Association of American Universities and seven campuses with National Collegiate Athletic Association (NCAA) Division I athletics programs.

Wesley Mallette, Director of Intercollegiate Athletics at UC Riverside, shared that he has served as UCR Athletics Director for four years and was a former student-athlete, a parent of college and high school athletes, and a former corporate executive. UCR Athletics was a 17-sport Division I program, with 300 student-athletes and 70 coaches and staff. UCR was a member of the Big West Conference, which was comprised of five UC campuses, five California State University (CSU) campuses, and a University of Hawaii campus. UCR Athletics’ cumulative deficit, which began accruing before 2020, totaled \$7.33 million as of November 1, with \$3.57 million in operational costs and \$3.76 million

¹ Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code § 11123(b)(1)(D)] for all meetings held by teleconference.

in financial aid scholarships. The deficit has been compounded by factors such as campus budget restrictions, rising operational costs driven by inflation and COVID-19 pandemic travel expenses, increased expenses related to meals and staffing, new NCAA and Big West mandates, UC Office of the President Compliance requirements, and scholarships. UCR Athletics' internal deficit mitigation plan would, if implemented, utilize both NCAA distribution and athletics guarantee funds. Despite having fewer resources, UCR Athletics has found ways to succeed through its emphasis on a culture of inclusion, care, and listening; its mission to prepare student-athletes for opportunities in life through sport; a focus on creating a great student-athlete experience; and the athletics program's full alignment with these key areas. UCR Athletics worked closely with Chancellor Wilcox, his team, and the rest of the campus, and ensured that student-athletes receive proper support in nutrition, mental health, strength and conditioning, and academics.

Michelle Almazan, Senior Associate Athletics Director at UCR, presented UCR student-athletes' recent academic achievements. UCR student-athletes had an average grade point average (GPA) of 3.25, and, for the past two years, all 17 sports teams have earned a cumulative GPA of 3.0 or above. Ms. Almazan explained that the NCAA's Academic Progress Rate measured the academic success of Division I programs, and those receiving at least 985 out of 1,000 points were eligible to receive awards with financial incentives. UCR Athletics received NCAA academic awards for two of the last three years, and ten teams scored 1,000 points in the last reporting cycle. UCR Athletics projected that the most recent six-year cohort would graduate at a rate of 92 percent.

Mr. Mallette presented UCR's athletic achievements. In the past two years, two of the NCAA's top golfers came from the UCR women's golf team, and Tiffany Le was the first UCR women's golfer to advance to the NCAA championship. Over the past five years, Men's soccer won the Big West tournament and advanced to the NCAA College Cup twice, and 11 members of the men's and women's track and field and cross-country teams won individual Big West titles and advanced to NCAA regional competition. Women's basketball rose from 11th place in the Big West in 2022–23 to third place in 2023–24, the best single-season turnaround in UCR Athletics history. Over the past four seasons under Mike Magpayo, Big West Men's Coach of the Year in 2022–23 and the first Asian-American Division I men's basketball coach, the men's basketball team rose from the bottom of the Big West to the top third of the league. UC Riverside Athletics recently entered into a shoe and apparel partnership with Nike through BSN Sports; this has helped with recruitment and overall student-athlete experience.

Joshua Smith, Senior Associate Athletics Director at UCR, shared challenges that UCR Athletics faced in light of changes to Division I. These included the rising costs of and changing expectations for Division I membership; the adverse effects of NCAA lawsuits and settlements on institutions that are not named defendants; name, image, and likeness (NIL) collectives; the transfer portal; changes in scholarship and roster limits; and revenue sharing. NIL collectives were offering student-athletes six- to seven-figure sums to transfer to programs with better resources. For example, a UCR men's basketball student-athlete transferred to the University of Florida for NIL compensation and signed a contract with the National Basketball Association this year. Mr. Smith shared a list of student-athletes

who left UCR in the past two years as a result of the transfer portal. The Big West projected about \$31 million in revenue losses due to settlements over the next ten years, and UCR Athletics projected losses of \$2.5 million to three million during that time. To mitigate these losses, UCR Athletics was further reducing its operational costs, such as producing 50 percent fewer ESPN+ broadcasts, which would have a negative impact on student-athletes' opportunities and experiences as well as program exposure.

Mr. Mallette stated that the challenges that Mr. Smith described might compel programs to choose which sports to prioritize, which could create issues related to gender equity, Title IX, and opportunities for students. Despite challenges, UCR Athletics was finding ways to succeed academically and athletically, producing student-athletes who proceed to change the world. Mr. Mallette invited the Regents to visit the Riverside campus to understand the challenges it faced and the resource differences among campuses.

Chancellor Wilcox expressed pride in the UCR Athletics leadership team.

Special Committee Chair Hernandez asked about the NCAA distribution and athletics guarantee funds that would be used in UCR Athletics' budget mitigation plan and how much of the deficit they would reduce. Mr. Mallette explained that some funds were contractually guaranteed for coaches and sports teams, and UCR Athletics was determining what could be used year over year to reduce the deficit. Chancellor Wilcox clarified that the UCR Athletics budget was primarily comprised of direct institutional support and some student fees. Revenue from the NCAA made up a small percentage of the budget.

Special Committee Chair Hernandez asked when UCR Athletics planned to make the aforementioned budgetary decisions. Mr. Mallette replied that the *House v. NCAA* settlement and other pending litigation, which athletic programs across the country were monitoring, would affect UCR Athletics' decision making. UCR Athletics was most concerned about equitable treatment for all its teams. Mr. Mallette projected that, by July 1, 2025, athletics programs would have a better sense of how to proceed. Chancellor Wilcox clarified that Mr. Mallette was referring to programs in mid-major conferences. Athletic directors, chancellors, presidents, and others were having these conversations.

Regent Robinson asked about the trend line of sponsorship opportunities for mid-major conferences. Mr. Mallette stated that opportunities were steady to declining. Shoe and apparel companies offered discounted rates instead of cash to programs at the mid-major level. Nevertheless, these sponsorships helped UCR Athletics with recruitment of student-athletes. UCR Athletics was in conversation with Learfield, its partner for multimedia rights, about how UCR Athletics could expand this partnership into NIL.

Regent Robinson asked whether the outcomes of this effort would become clearer next year. Mr. Mallette responded in the affirmative; UCR Athletics was speaking to its corporate sponsors and partners about the percentage of sponsorship dollars that would go into NIL and into the program. He stated that there would be much more clarity by the end of this academic year.

James Knowlton, Director of Athletics at UC Berkeley, shared that he has served as Cal Athletics Director for seven years and, in addition to being the father of five former student-athletes, had been himself a student-athlete and a former professor at West Point. In 2018, Cal Athletics began developing its first ever strategic plan, which has become a guide for working through any challenge. Cal Athletics was a broad-based department that offered 30 athletic programs. At the most recent Olympic Games, 59 UCB-affiliated coaches and athletes won 23 medals; the campus would have placed 12th if it were a country. Given the campus' focus on holistic excellence, UC Berkeley was one of eight Division I schools that ranked among the top 25 in *U.S. News and World Report*, and the campus ranked among the top 25 in the National Association of Collegiate Directors of Athletics Learfield Directors' Cup standings, among other schools that balance academics and athletics. Twenty-four sports were part of the Atlantic Coast Conference (ACC), five sports remained in the Mountain Pacific Sports Federation (MPSF), and rugby remained in Division 1-A. The graduation rate for UCB student-athletes was currently 91 percent and was expected to rise, up from 78 percent in 2012–13. In that same time, the football team's graduation rate has risen from 44 percent to 84 percent, the men's basketball team's rate has risen from 38 percent to 91 percent, and the women's basketball team's rate has risen from 75 percent to 92 percent. Mr. Knowlton attributed this success to recruitment and support. Business, mechanical engineering, and data science were among the most popular of the 53 declared majors among 900 UCB student-athletes. In 2019, Cal Athletics created the Cameron Institute, a holistic student-athlete development program that has become a model for the rest of the country. The Institute had three pillars, career development, mental performance and leadership development, and community engagement, and engaged student-athletes during their time at UCB and also beyond graduation. Mr. Knowlton noted that 35 percent of student-athletes and 38 percent of Cal Athletics staff identified as a racial or ethnic minority and stressed the importance of creating an environment of belonging. He praised the work of Ty-Ron Douglas, Associate Athletics Director for Diversity, Equity, Inclusion, Belonging, and Justice (DEIBJ), who has incorporated education on such topics into the department. The focus on student-athletes' physical and mental health has been crucial during Cal Athletics' transition to the ACC, which has added travel to 12 sports programs.

Campus integration has been a priority for Mr. Knowlton as well as a priority in the strategic plan, and Cal Athletics has worked hard to engage with the rest of the Berkeley campus. UC Berkeley was featured on a recent episode of "College GameDay" on ESPN, which Mr. Knowlton regarded as a three-hour commercial for the campus. The event brought together not only 10,000 students but also deans, department chairs, faculty, and Chancellor Lyons. With the transition to the ACC, the ESPN appearance, and successes in football and men's basketball, UC Berkeley was seeing engagement from across the country; the UCB admissions website experienced a very large amount of traffic following the "College GameDay" episode.

Mr. Knowlton presented the financial overview from fiscal year 2022–23. Finances presented the biggest challenge as Cal Athletics seeks to grow revenue while reducing expenses. Primary revenue sources included ticket sales, institutional support, contributions, and media rights, while expenses were primarily focused on personnel. He expressed gratitude to President Drake and the Regents for their support during Cal

Athletics' transition to the ACC. Like other athletics programs across the country, Cal Athletics was exploring how it could continue growing revenue and reduce expenses, having already cut expenses by five percent this year. The department implemented a hiring freeze and modified non-conference travel while focusing on philanthropy, the use of Memorial Stadium, and field naming to increase revenue. When consulting with student-athletes during the search for a new conference, they expressed their wish to compete at the highest level and win national championships, compete against like-minded institutions, and have the same student-athlete experience as before. In Mr. Knowlton's view, the ACC has provided all this and more. He concluded by noting that alumni around the country and the world were engaging with UC Berkeley through athletics, and that athletics teaches student-athletes leadership, grit, resilience, and life skills.

Special Committee Chair Hernandez asked whether the current Cal Athletics budget would be sustainable or if difficult decisions must be made in the future, noting what UC Riverside experienced. Mr. Knowlton replied that UCB, like UCR, would face challenges with its media rights deal during the next seven years. In light of the anticipated *House* settlement, UC Berkeley was exploring every option so that Cal Athletics could continue to support student-athletes and be exceptional while considering what would have to be sacrificed.

President Drake asked about the student-athlete experience following UCB's transition to the ACC. Mr. Knowlton responded that more would be known at the end of sports seasons, when Cal Athletics conducts exit interviews with senior student-athletes. Cal Athletics was working hard to provide academic support to student-athletes who were traveling for games, and experts were helping coaches build sleep schedules and nutrition plans. Student-athletes have expressed excitement about the transition.

The meeting adjourned at 5:15 p.m.

Attest:

Secretary and Chief of Staff