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TO MEMBERS OF THE BOARD OF REGENTS:

DISCUSSION ITEM

For Meeting of November 17, 2022

UCLA BIG TEN MEMBERSHIP

EXECUTIVE SUMMARY

On June 30, 2022, UCLA announced its plan to leave the Pac-12 Conference and join the Big Ten Conference in 2024. The Board of Regents has discussed UCLA's prospective membership in the Big Ten, including its associated financial and legal implications. As noted in prior meetings, UCLA exercised authority delegated from the President in executing its agreement with the Big Ten. The Board retains the authority to take action to affirm, overturn, or abstain from acting on UCLA's decision.

The considerations around the student-athlete experience, financial impacts, and legal risks vary with each of these options. Specific considerations carrying financial or litigation risk will have been discussed in the noticed closed session discussion item.

BACKGROUND

On June 30, 2022, UCLA announced its plan to leave the Pac-12 Conference and join the Big Ten Conference in 2024. UCLA's decision raised a number of procedural and substantive questions for the Board of Regents, which were discussed at the Board's July 20 Meeting, August 17 Special Meeting, and September 22 Meeting. As discussed in those meetings, the Board of Regents can choose to exercise its authority to withdraw UCLA from its agreement with the Big Ten.

Considerations and Risks

Each of these options has a number of associated considerations and risks for student-athletes and the University more broadly.

1. Student-athlete experience

The student-athlete experience is an important consideration in athletic conference membership. Student-athletes commit an extraordinary amount of their time to athletics, from training sessions to travel for competitions. Conference membership impacts student-athletes in several key ways:

- Time spent traveling and potential academic impacts
- Competitiveness of teams and rivalries
- Media exposure and Name, Image, and Likeness (NIL)

During the August 17 Special Meeting of the Board of Regents, Regents raised questions regarding the student-athlete experience, including the impacts of increased travel associated with Big Ten membership. Responses to these questions were shared via correspondence to the Board on September 14.

To gather additional data on the student-athlete experience and impacts of Big Ten membership, UCOP collaborated with UCLA to administer a survey of over 600 UCLA student-athletes. Table 1 provides the distribution of 111 survey respondents by sport and sorted based on the potential travel impact resulting from a proposed move to the Big Ten (i.e., no impact for sports not in the Big Ten; minimal impact for Big Ten sports that do not participate in conference play, but instead in multi-team events or tournaments; and greater travel impact for team that would participate in Big Ten conference games).

Table 1: UCLA survey respondents by sports team and Big Ten status

Sports with no travel impact (sports not in Big Ten)	**Men**		**Women**		
Volleyball	4	Beach Volleyball	6		
Water Polo	7	Water Polo	4	**Total**	
Subtotal	***11***	***Subtotal***	***10***	***21***	***19%***
Sports with minimal travel impact (sports in Big Ten, primarily not conference scheduling)	**Men**		**Women**		
Cross Country/Track & Field	6	Cross Country/Track & Field	11		
		Swim & Diving	12		
		Rowing	11		
Golf	5	Golf	3	**Total**	
Subtotal	***11***	***Subtotal***	***37***	***48***	***43%***
Sports with increased travel impact (Big Ten sports with conference scheduling)	**Men**		**Women**		
Basketball	1	Basketball	11		
Football	4	Softball	11		
Baseball	0	Gymnastics	5		
Tennis	2	Tennis	2		
Soccer	2	Soccer	2		
		Volleyball	2	**Total**	
Subtotal	***9***	***Subtotal***	***33***	**42**	**38%**
All respondents	**31** **28%**	**All respondents**	**80** **72%**	**111**	

Compared to the overall UCLA student-athlete population, survey respondents were more likely female (72 percent compared to 54 percent) and concentrated slightly more in sports not in the Big Ten (19 percent compared to 12 percent), compared to those in the Big Ten (43 compared to 47 percent for teams not affected by conference scheduling and 38 compared to 41 percent for teams affected by conference scheduling).

The two top reasons that respondents indicate they chose to be student-athletes included the opportunity to compete in a sport at the highest level nationally and opportunity to get a UCLA degree, with those reasons more important for female athletes and those on teams that would not experience travel impacts with a move to the Big Ten (e.g., water polo).

Table 2: Why did you choose to be a student-athlete?

				Travel Impact w. Big Ten Move		
	All	**Men**	**Women**	**Increased**	**Minimal**	**No Impact**
Opportunity to compete in my sport at the highest level nationally	86%	77%	89%	83%	85%	90%
Opportunity to get an undergraduate degree from UCLA	83%	77%	85%	81%	81%	90%
For personal enjoyment, growth, and fulfillment	66%	52%	71%	62%	65%	76%
Opportunity to compete in my sport professionally/as a career	38%	52%	33%	48%	31%	33%
Opportunity to compete in my sport recreationally	30%	26%	31%	33%	23%	38%
Opportunity to represent my country in international or at Olympics	25%	32%	23%	21%	25%	33%

When asked about the proposed move to the Big Ten, respondents were split between those needing more information to offer an opinion (38 percent) and those thinking it would be good idea (35 percent), with male athletes and those on sports teams that would experience increased travel more likely to think it is a good idea and women athletes more likely to want more information. Respondents who thought the proposed move was a good idea believed additional revenues would support all sports teams and athletes and provide better competitive opportunities and national exposure. Respondents seeking more information wanted to know if or how additional revenue would support teams beyond football and basketball, along with plans to mitigate travel impacts and missed instruction. Twenty percent had no opinion with some citing the move would happen after they graduate or would not affect their sport. Seven percent thought it would be a bad idea with a few citing concerns about increased travel and impact on academics.

Table 3: What is your overall opinion about UCLA's proposed move to the Big Ten Conference?

				Travel Impact w. Big Ten Move		
	All	**Men**	**Women**	**Increased**	**Minimal**	**No Impact**
I think it would be a good idea	35%	42%	33%	40%	31%	33%
I have no opinion	20%	29%	16%	17%	19%	29%
I would need more information	38%	23%	44%	33%	42%	38%
I think that would be a bad idea	7%	6%	8%	10%	8%	0%

Respondents were asked to identify concerns and benefits associated with a proposed move to the Big Ten. The two top concerns associated with a move to the Big Ten include increased travel times and missed class times.

Table 4: What would be your concerns if UCLA moves to the Big Ten Conference?

				Travel Impact w. Big Ten Move		
	All	**Men**	**Women**	**Increased**	**Minimal**	**No Impact**
Increased travel times	77%	65%	83%	76%	81%	71%
Missed class times	66%	42%	75%	64%	75%	48%
Travel/competition in colder weather	48%	29%	55%	55%	44%	43%
Impact on mental health	43%	16%	46%	50%	42%	33%
Impact on physical health	38%	16%	54%	57%	25%	29%

The top three benefits from that proposed move were increased national exposure, resources and TV opportunities. For student-athletes on sports teams with increased travel, respondents cited greater NIL opportunities over increased revenue in the top three. For athletes on other sports teams, they cited enhanced services to student-athletes in the top three.

Table 5: What do you think are the benefits of UCLA moving to the Big Ten Conference?

				Travel Impact w. Big Ten Move		
	All	**Men**	**Women**	**Increased**	**Minimal**	**No Impact**
Increased national exposure	77%	84%	74%	88%	69%	71%
Increased resources	69%	71%	69%	64%	73%	71%
Increased TV opportunities	59%	68%	55%	74%	50%	48%
Greater NIL opportunities	56%	58%	55%	69%	46%	52%
Enhanced services to student-athletes	53%	55%	53%	45%	58%	57%
Compete at the highest level	43%	45%	43%	40%	50%	33%
Increased attendance home/away	30%	42%	25%	33%	19%	48%
Maintain USC rivalry	28%	39%	24%	19%	27%	48%

While just over a quarter of respondents saw the opportunity to maintain the USC rivalry as a benefit, in separate questions, 93 percent of respondents said it was important or very important to have USC and UCLA in the same conference, compared to 24 percent for having UC Berkeley and UCLA in the same conference.

The final survey question asked respondents to prioritize potential increased resources that could come from a Big Ten move. Top responses were more nutritional support, both on the road and on campus, and faculty support for missed classes and exam accommodations. For student-athletes on teams that would experience more travel, top responses were the use of charter flights, access to online materials while traveling, and having academic support travel with the team.

Table 6: How should UCLA prioritize the increased resources from a potential move to the Big Ten Conference to improve the student-athlete experience?

			Travel Impact w. Big Ten Move			
All	**Men**	**Women**	**Increased**	**Minimal**	**No Impact**	
81%	77%	83%	76%	85%	81%	More nutritional support on the road
79%	71%	83%	74%	81%	86%	More nutritional support on campus
79%	74%	81%	79%	81%	74%	Faculty support for missed classes and exam accommodations
71%	61%	75%	83%	71%	48%	Ability to access courses/materials online when traveling
70%	68%	71%	88%	63%	52%	Use of charter flights for long distances or difficult travel locations
67%	55%	71%	83%	60%	48%	Having academic support travel with the team
61%	45%	68%	69%	54%	62%	Innovative scheduling (e.g., neutral sites, multi-team events, closer non-confernece games)
47%	26%	55%	69%	38%	24%	More support on time management
46%	26%	54%	55%	44%	33%	More mental health services
40%	39%	40%	36%	42%	43%	Creating travel partners with other UCLA and/or USC teams

UCLA's plans to provide these supports and their associated costs are discussed further under "Financial impacts" below.

2. Financial impacts

While UCLA's athletics program generates substantial revenues, it is a cost center requiring campus support, similar to other universities with major athletics programs. Media rights, conference distributions, and NCAA distributions are key revenue drivers for universities. At UCLA, those distributions typically comprise about 30 percent of total revenues.

UCLA experienced significant financial impacts from the COVID-19 pandemic. Specifically, UCLA athletics ran deficits in fiscal years 2018-19, 2019-20, and 2020-21, reaching over $62 million in fiscal year 2020-21. UCLA secured a loan to cover the athletic department's deficits, with UCLA athletics responsible for paying back the loan with interest. Table 7 below shows UCLA athletics revenues and expenses over time, highlighting the amount of institutional support and deficit coverage provided by the loan.

Table 7: UCLA athletics revenues and expenses, fiscal years 2017 through 2021

	2017	2018	2019	2020	2021
Media rights and conference distributions	$ 31.1 M	$ 31.8 M	$ 33.0 M	$ 34.3 M	$ 22.2 M
NCAA distributions and post-season football	$ 5.4 M	$ 3.9 M	$ 2.9 M	$ 0.8 M	$ 2.7 M
Student fees and institutional support	$ 2.7 M	$ 2.6 M	$ 2.6 M	$ 2.6 M	$ 2.6 M
Other revenues	$ 64.9 M	$ 92.6 M	$ 70.0 M	$ 59.9 M	$ 20.1 M
Total revenues	$ 104.1 M	$ 131.0 M	$ 108.4 M	$ 97.7 M	$ 47.7 M
Total expenses	$ 104.1 M	$ 131.0 M	$ 127.3 M	$ 119.4 M	$ 110.1 M
Net	$ 0.0 M	$ 0.0 M	-$ 18.9 M	-$ 21.7 M	-$ 62.5 M
Percentage of expenses covered by campus sources	**3%**	**2%**	**2%**	**2%**	**2%**
Institutional support plus deficit covered by loan*	**$ 2.7 M**	**$ 2.6 M**	**$ 21.5 M**	**$ 24.3 M**	**$ 65.1 M**

*UCLA secured a loan to cover losses in FY2019, FY2020, and FY2021, which UCLA Athletics is responsible for repaying with interest.

Source: NCAA Agreed Upon Procedures reporting and supplemental data provided by UCLA

As shown in Table 7, revenues from media rights and conference distributions have historically comprised about 30 percent of UCLA's revenue budget. Other revenues as grouped above include ticket sales, donor contributions, sponsorships, and competition guarantees. UCLA's institutional support and student fees comprised about two percent of its revenues from fiscal years 2016-17 through 2020-21, but due to drops in sponsorship revenues and impacts from the COVID-19 pandemic, UCLA athletics' deficit has grown substantially in the past three fiscal years. As noted above, UCLA athletics remains responsible for paying back a loan taken by UCLA to cover the cumulative deficit.

At the August 17 Special Meeting, Regents requested information about how UCLA would address a decline in expected media rights revenue. The campus indicated because of existing deficits, they would have to reassess if they could support the current level of athletic programs and scholarship athletes. One approach would be to provide additional central campus support, but that would reduce resources available to support other campus needs. If UCLA had to reduce the number of sports, they would do so in a way that continues to comply with Title IX and NCAA scholarship rules. As an example, UCLA estimated that by cutting approximately six current teams and discontinuing scholarships for another eight sports, it could save an estimated $11 million.

Importantly, as discussed above, UCLA student-athletes noted that if Big Ten membership were to result in enhanced resources, there were a few key areas for improving the student-athlete experience. To address these concerns, UCOP collected information from UCLA on their

planning process and priorities for enhancing the student-athlete experience. As noted above, nutrition, travel experience, academic support, and mental health services were noted as key areas for improvement in light of the planned change in conferences. UCLA anticipates spending between $9.15 and $10.32 million in new costs to provide these improvements. UCLA estimates that the potential increases in revenues associated with moving to the Big Ten, discussed further below, will more than offset these planned enhancements for student-athletes

Travel improvements - $4,620,000 to 5,790,000
UCLA intends to mitigate the travel impact on student-athletes by increasing access to charter flights and minimizing the number of days spent away from campus. After conducting a detailed cost estimate of charter flights to Big Ten schools, calculating the number of additional charter flights needed for each team and days spent away from campus, UCLA estimates that it will spend between $4.62 and $5.79 million per year on increased travel expenses. These costs may be significantly reduced through efficiencies such as neutral site tournaments, shared flights between UCLA teams and USC teams, and other accommodations that can further reduce travel and travel costs to the Midwest and East Coast.

Nutritional support - $2,927,000
To enhance nutrition for student-athletes, UCLA plans to make breakfast and lunch available on weekdays to all teams and estimates that these additional meals will cost $2.18 million per year. UCLA also plans to expand hours and improve snack quality at its student-athlete Fueling Station. Providing more substantial snacks such as sandwiches, vegetable toasts, hot cereals, or salads throughout the day will also allow student-athletes more nutritious snack options for road trips. Tripling the Fueling Station budget will cost $550,000. Adding two additional dieticians to support students and counsel them on nutrition at home and on the road will cost $172,000. Employing 10 additional UCLA part-time student workers to staff the Fueling Station will cost an additional $25,000.

Academic Support - $1,036,505
UCLA also plans to prioritize enhancing student-athlete academic support for all teams by increasing the number of learning specialists from three to six. This increase will cost of $276,315 and will lower the student to learning specialist ratio from 215:1 to 108:1. The larger staff will provide more direct student services and increase their ability to travel with teams to assist with mentoring, class preparation, and exam proctoring. UCLA's full-time Academic Excellence staff would increase to 22. UCLA also plans to expand the summer bridge program from 30 to 100 students, which will allow half of all new student-athletes to enroll in summer school and successfully orient to the UCLA curriculum. Each summer bridge scholarship will cover two classes, books, and six weeks in the dorms, and these 70 additional scholarships will cost a total of $435,190. UCLA athletics would also enhance access to technology for all students and anticipates that dedicating a $500 stipend to all student-athletes will allow them to invest in technology such as Wi-Fi, hot spots, headphones, and other accessories to improve their remote learning and work experience. These stipends would cost $325,000.

Mental Health Services - $562,800
UCLA plans to enhance mental health services for student-athletes by adding two licensed therapists to the current staff of 3.5 providers. This increase will cost $310,800 per year and will allow the department to reduce wait times for appointments, provide longer term care, and meet the growing mental health needs of student-athletes. UCLA also plans to triple its current spending for education, preventative programming, and direct care related to psychiatry, managing stress, improving sleep, disordered eating, substance abuse and other acute conditions. This increase will cost an additional $252,000.

Potential revenue impact

On August 18, the Big Ten announced a seven-year media rights deal starting in 2023 that averages over $1 billion in annual revenue, with increases in later years of the deal. This media rights revenue suggests annual distributions to member schools above $60 million, potentially increasing to over $70 million per year in later years. There are also likely to be positive revenue impacts in other areas, such as in ticket sales and merchandise: games for Big Ten teams, particularly in football, can attract between 37,000 to over 100,000 attendees (compared to 30,000 to 66,500 for Pac-12 schools)[1] and millions more on television. Deals for both conferences will also depend on the total number of member schools and their associated media values. If additional schools join the Big Ten or Pac-12, there is potential for increases in or dilution of media payouts, depending on the relative values of the additional members.

UCOP is unable to provide a comparison of potential Pac-12 media deals because conference negotiations are still underway.

3. Contract and legal considerations

UCLA signed an agreement with the Big Ten Conference on July 13, 2022. UC Legal presented a detailed analysis of the legal issues and litigation risks associated with the UCLA agreement to the Board of Regents in a closed session meeting on September 22.[2] General Counsel Robinson is available to answer in the noticed closed session related questions from the Regents on this topic.

Key to Acronyms

NIL	Name, Image, and Likeness

[1] https://collegefootballnews.com/gallery/college-football-attendance-5-year-average-for-every-school
[2] https://regents.universityofcalifornia.edu/regmeet/sept22/boardx.pdf