

**Rutgers University**



**Intercollegiate Athletics Review**

**Fall, 2018**



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## Introduction

In 2012, the Big Ten Conference announced its expansion into the Tri-State and Washington D.C. areas, with Rutgers and Maryland scheduled to join the Conference in 2014. This change in conference affiliation has created an unquestionable opportunity for Rutgers to join an elite group of academic institutions, elevate its intercollegiate athletics program, and, with competitive success, enhance the University's reputation, thereby becoming a greater source of pride to alumni and friends. This was clearly the goal of both the University and the Big Ten at the time of entry.

In 2018, in conjunction with its development of a Strategic Plan, Rutgers Athletics engaged College Sports Solutions (CSS) to conduct an operational review of its athletics enterprise to assist the university in developing a comprehensive, multi-dimensional plan to reach competitiveness in a fiscally responsible way. Such a strategy will require a long-term financial plan on multiple fronts, and CSS was asked to assist in identifying areas of opportunity, which may include, but not be limited to facilities improvement, debt management, university support, vendor contract leveraging, naming rights solicitations, increased fundraising, possible state assistance, and review of the number of sports offerings.

CSS's work included:

- A comprehensive review of all documentation relative to the intercollegiate athletics operation, including financial information (revenue and expense), organization, staffing, and other relevant information.
- On campus and other in-person and telephonic interviews with identified stakeholders, both internal and external.
- A comprehensive review of current and planned athletic facilities.
- Research and benchmarking of other identified institutions in the areas of revenue (allocated and generated), expense and debt, as well as general institution information.
- Title IX/Gender Equity review and analysis.
- Advice and counsel.

The CSS team that participated in this review was composed of Jeff Schemmel (President), and consultants Rick Bay, Heather Ould and Kristi Dosh.

We would like to thank all of the people at Rutgers for their cooperation and courtesies during our several visits to campus, with particular thanks to Athletic Director Hobbs, Senior Associate Athletic Director Michael Szul, and Special Assistant to the athletic director Kerry Brum, who coordinated the many interviews and managed our constantly changing itineraries.

Our goal was to learn as much as possible about the institution and its athletics enterprise, and provide relevant information, analysis and counsel to assist Rutgers in planning a successful and financially sound intercollegiate athletics future. To that end CSS submits this report.

## **Work Summary**

### **Review of Documents**

College Sports Solutions reviewed the following documents:

- Strategic Plan for Rutgers University (2014)
- Draft Strategic Plan for Rutgers University Athletics
- Rutgers EADA Reports for years 2014-15, 2015-16, and 2016-17
- NCAA Financial Reports for years 2012, 2013, 2015, 2016, and 2017
- Squad Lists for years 2014-15, 2015-16, and 2016-17
- Operating Budgets for all sports and departments for the 2017-18 year
- Projected Operating Budgets for all sports and departments for years 2018-19, 2019-20, 2020-21, and 2021-22.
- Compensation summary for current employees
- Current Adidas Agreement
- Current IMG Agreement
- Current Paciolan Agreement (Ticketing)
- Facilities Overview Document
- Title IX Report (2013)
- Other relevant surveys/information/documents

### **Interviews/Meetings**

College Sports Solutions visited the Rutgers campus on four separate occasions, gathering information, interviewing coaches, student-athletes, senior athletic administrators, senior university officials, campus student leadership, alumni/donors/friends of the University, and touring athletics facilities. In addition, Mr. Schemmel and Mr. Bay traveled to Chicago for meetings with Big Ten Commissioner Jim Delany and immediate past chair of the Rutgers University Board of Governors, Greg Brown. Additional phone interviews were also conducted.

### **Persons Interviewed:**

- Dr. Robert Barchi – President
- Patrick Hobbs – Director, Intercollegiate Athletics
- Tom Stephens – Faculty Athletics Representative
- C. Vivian Stringer – Head Women’s Basketball Coach
- Steve Pikiell – Head Men’s Basketball Coach
- Chris Ash – Head Football Coach
- Student-athletes
  - Jenna Sobieski
  - Dimitri Demos
  - Abbey Brooks
  - Joey Downes
  - Christine Dillulo

- Sarah Baumgartner – Deputy Director of Athletics
- Michael Szul – Senior Associate Athletic Director for Finance, Administration and Planning
- Rick Thorpe – Senior Associate Athletic Director for External Affairs
- Kathy Dettloff – Vice President for Financial Planning and Budgeting
- Tim Fournier – Senior Vice President for Enterprise Risk Management, Ethics and Compliance
- Nevin Kessler – President, Rutgers University Foundation; Executive Vice President for Development and Alumni Relations
- Michael Gower – Executive Vice President for Finance and Administration; University Treasurer
- Antonio Calcado – Executive Vice President for Strategic Planning and Operations; Chief Operating Officer
- Alex Perez – Associate University Counsel (assigned to athletics)
- Kate Hickey – Sr. Associate Athletic Director and Title IX Coordinator
- Campus Student Leaders
  - Karlen Rubinstein
  - Alyssa Rivers
  - Jonathan Zimmerman
- Jim Delany - Commissioner, Big Ten Conference
- Brad Traviolia – Deputy Commissioner, Big Ten Conference
- Greg Brown - Past Chair, Rutgers University Board of Governors
- Jeff Towers – Donor
- Ron and Joanna Garutti – Alumni/Donors
- Mark Angelson – Vice Chair, Rutgers University Board of Governors

## Executive Summary

Six years after the announcement that Rutgers University was invited to join the Big Ten Conference, the school continues to become fully cognizant of the challenges of competing in a league comprised of some of the most powerful athletic programs in the nation.

Already a peer of many Big Ten schools in terms of academic prestige at the time of its entrance into the Conference, Rutgers was not at the level of its conference athletic peers competitively, financially, or in the area of athletic facilities.

The Big Ten's pursuit of Rutgers was in part fueled by the realignment of conferences in the East, particularly the departure of Syracuse, Boston College, Pittsburgh, and Miami to the expanding Atlantic Coast Conference. In landing Rutgers, the Big Ten was able to bring in a school that added both academic prestige and attractive sports media demographics.

Rutgers' first four years in the Conference have demonstrated a strong correlation between the university's budget and facility deficit and its lack of competitive success. Its 4-year winning percentage in all sports is 26 percent, last in the Conference.

Coming from the American Athletic Conference, where its expense budget was \$76M in its last year (2014), the Scarlet Knights were entering arguably the strongest of the "Power Five" leagues, where the average budget was well in excess of that number. Adding to that issue was the fact that athletics had long relied on substantial institutional financial support and wished (and continues to wish) to lessen that reliance in the years ahead.

The expectations relative to financial distributions from the Big Ten, although real, have been tempered by the six-year wait for full distribution, which will begin in 2021. Moreover, advances taken against those future distributions will result in lesser distributions in 2021 and beyond as compared to established Big Ten peers. For example, while a full conference share to its traditional members for 2021 is projected to be approximately \$52 million, Rutgers' distribution will be substantially less.

The lack of competitive facilities, especially as compared to other schools in the Big Ten Conference, has contributed to the lack of success. Although facility needs have become a top priority of the current athletic administration, and significant progress has been made, there continues to be an ongoing need to upgrade facilities, particularly as it relates to recruiting, the overall student-athlete experience, and revenue generation.

The competitive venues, particularly the primary revenue producers (Highpoint.com Stadium and the RAC), lack many revenue-producing opportunities such as suites, premium seating, and adequate concessions.

Through the many interviews conducted by the CSS team, note was particularly taken of some of the following thoughts, comments and opinions:

- “The biggest challenge is getting the university on board with athletics.”
- “There isn’t universal support of current university initiatives to make Scarlet Knight athletics better.”
- There was a consistent theme that Rutgers has too many sports – that “if we intend to compete, we cannot sustain 24 sports, absent endowing some of them.”
- “We thought we were better than we are going into the Big Ten. We were naïve, but there is resistance to admitting that now.”
- “The early lack of success of Rutgers teams in the Big Ten has been a surprise to donors and alumni, a substantial disappointment.”
- “It is unrealistic to expect athletics to be self-sufficient by 2021, requiring no direct institutional support except for student fee money and Title IX support. There must evolve a different level of awareness of the fiscal realities of being in the Big Ten.”
- “Athletics Director Pat Hobbs has brought stability and accountability to the department.”
- “The athletics department must do a better job of engaging students in the right way.”
- “There is a concern that while many donors are generally supporting capital projects, many more must be solicited for contributions toward the annual fund for operations.”
- “Rutgers football and basketball teams must have a measure of success to kindle an emotional connection between athletics and all university constituencies.”
- “It is time to consider the sale of beer at athletics events.”

CSS believes that there are substantial opportunities for Rutgers Athletics to become a consistent and significantly successful member of the Big Ten Conference. Opportunities and recommendations include:

- Possible restructuring of internal and external debt and current financial arrangement with the Big Ten Conference
- Improved Multimedia Rights Agreement
  - Possible University-wide agreement
- Continued facilities improvements for student-athletes
- Leveraging of current university vendors to help maximize revenue
- Ticketing improvements, including focused outbound sales efforts
- Increased fundraising efforts and success, particularly with the annual fund
- Pursuit of naming rights opportunities, particularly in major competitive venues
- Improved equipment and apparel contracts
- Consideration of the sale of alcohol at competitive venues
- With the changes forthcoming as a result of the Supreme Court decision on sports wagering, inquiry and vetting of revenue generation possibilities through this medium

It has been shown at other similar institutions across the country that consistent success in athletics can have an identifiably positive effect on the institution as a whole, bringing genuine and unmistakable attention to the institution. The indirect benefits that successful athletics has on a campus as a whole

are difficult to quantify, but numerous studies have found that applications, enrollment, state appropriations and donations can be positively impacted by the presence of a successful athletic program. A Scarlet Knights' run in football and/or basketball would likely bring a television ratings bonanza for the school and the conference and, we believe, a financial and public relations windfall for the university.

## **Assumptions**

The following assumptions are provided based on the initial charge given to CSS and interviews throughout the process. These assumptions have guided CSS in its preparation of this report.

1. The University and its constituents/stakeholders supported and continue to support entry into the Big Ten Conference.
2. There is a desire by the University and a majority of stakeholders that athletics become more competitive in the Big Ten Conference.
3. All interested parties and constituents wish to help athletics become more competitive in ways that they are able.
4. All parties wish to assist athletics in becoming financially sound and increasingly self-sufficient.

## Peer Institutions Comparisons/Benchmarking

In addition to obvious comparisons to other Big Ten Conference institutions, CSS, in collaboration with Rutgers, identified the following 11 peer institutions for research comparison. These include members of the Big Ten, Pac-12, ACC, and Big 12.

- Arizona State University
- Iowa State University
- Indiana University
- North Carolina State University
- Purdue University
- University of Minnesota
- University of California, Los Angeles
- University of California, Berkeley
- University of Virginia
- University of Washington
- University of Wisconsin

Like Rutgers, all of the Peers are public institutions with a “Power 5” FBS football program. Academically the peers all carry a Carnegie classification of Doctoral Universities: Highest Research Activity. The list also includes universities at or near larger cities and major metropolitan areas. Information is provided for enrollment, graduation rates, and tuition costs for each Peer.

Peer Institution Characteristics							
Institution	Location	Campus setting	Student Population		Graduation Rate (Fall 2011 Cohort)	Tuition (2017-18)	
			Total Enrollment	Undergraduate students		In-State	Out-of-State
<b>Rutgers</b>	<b>New Brunswick, NJ</b>	<b>City: Small</b>	<b>49,577</b>	<b>35,641</b>	<b>80%</b>	<b>\$ 14,638</b>	<b>\$ 30,579</b>
NC State	Raleigh, NC	City: Large	34,432	24,150	94%	\$ 9,058	\$ 27,406
Cal	Berkeley, CA	City: Midsize	41,891	30,574	91%	\$ 14,170	\$ 42,184
Virginia	Charlottesville, VA	Suburb: Small	24,360	16,655	95%	\$ 16,853	\$ 47,273
UCLA	Los Angeles, CA	City: Large	44,027	31,002	91%	\$ 13,261	\$ 41,275
Washington	Seattle, WA	City: Large	46,166	31,331	84%	\$ 10,974	\$ 35,538
Arizona State	Tempe, AZ	City: Midsize	51,164	42,427	63%	\$ 10,792	\$ 27,372
Wisconsin	Madison, WI	City: Midsize	42,977	31,358	87%	\$ 10,533	\$ 34,783
Minnesota	Minneapolis, MN	City: Large	51,848	35,433	80%	\$ 14,417	\$ 26,603
Purdue	West Lafayette, In	City: Small	42,699	32,132	78%	\$ 9,992	\$ 28,794
Iowa State	Ames, Ia	City: Small	36,158	30,571	73%	\$ 8,636	\$ 22,472
Indiana	Bloomington, IN	City: Small	43,710	33,429	77%	\$ 10,533	\$ 34,845
		<b>Rutgers Rank</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>2</b>	<b>7</b>
		<b>Average</b>	<b>42,077</b>	<b>31,225</b>	<b>83%</b>	<b>\$ 11,988</b>	<b>\$ 33,260</b>
		<b>Min</b>	<b>24,360</b>	<b>16,655</b>	<b>63%</b>	<b>\$ 8,636</b>	<b>\$ 22,472</b>
		<b>Max</b>	<b>51,848</b>	<b>42,427</b>	<b>95%</b>	<b>\$ 16,853</b>	<b>\$ 47,273</b>

Source: National Center for Education Statistics

Rutgers is one of the larger institutions within the peer group, ranking 3<sup>rd</sup> for total students and 2<sup>nd</sup> for undergraduate students. Rutgers' undergraduate graduation rate of 80% is close to the peer average of 83%. Among these peers, Rutgers has the 2nd highest cost for in-state tuition and 7th highest for out-of-state tuition.

## Academics

Rutgers is well placed among its Big Ten peers in many academically-related categories, according to the “Rutgers in the Big Ten” report. The following items were noted for the 2015-16 academic year:

- Doctoral degrees (620): 8th
- National-academies membership (39): 5th
- Total research spending (\$628.6 million): 7th
- Patents issued (75): 5th
- License income (\$15.4 million): 5th
- U.S. New & World ranking: T-8th

In 2017-18, 249 Rutgers student-athlete letter winners were Academic All-Big Ten selections, posting a cumulative 3.0 grade point average or better, an all-time school record.

In both the 2015-16 and 2017-18 academic years, the following eight Rutgers teams were honored by the NCAA as being among the top 10 percent nationally in APR, a measurement utilized to monitor academic success.

- 2016-17: Baseball, men and women’s cross country, women’s golf, gymnastics, women’s lacrosse, women’s tennis, and volleyball
- 2015-16: Baseball, women’s basketball, men’s cross country, women’s golf, gymnastics, women’s lacrosse, women’s tennis, and volleyball

Clearly, Rutgers has joined an elite group of successful academic institutions. According to the Big Ten Academic Alliance, “No consortium of universities graduates more students, conducts more funded research (\$10 billion FY2017), or has a longer history of successful collaboration” than the Big Ten Conference.”

## Sport Sponsorship

Rutgers sponsors 24 sports, 10 men and 14 women's, all of which compete in the Big Ten Conference. Similarly, the Peers average 24 sponsored sports, with an average of 11 men and 13 women's. Rutgers' 24 sports are one more than the conference average, but 4-5 more than its revenue cohorts in the bottom 3rd of the league. (Purdue – 20, Northwestern – 19, Maryland – 20, Illinois – 21).

The following provides a summary of the number of NCAA Division I and Big Ten teams for each sport offered at Rutgers.

Sport Sponsorship (2016-17)					
Men	NCAA	Big Ten	Women	Teams	Big Ten
Baseball	295	13	Basketball	345	14
Basketball	347	14	Field Hockey	79	9
Football (FBS)	128	14	Golf	263	14
Golf	297	14	Gymnastics	61	10
Lacrosse	70	5	Lacrosse	111	6
Soccer	203	9	Rowing	89	8
Cross Country	311	13	Soccer	329	14
Indoor Track	260		Softball	291	14
Outdoor Track	281		Swimming & Diving	194	13
Wrestling	76	14	Tennis	315	14
			Cross Country	344	13
			Indoor Track	325	
			Outdoor Track	334	
			Volleyball	330	14

Source: NCAA® Sports Sponsorship and Participation Rates Report  
Big Ten Budget Comparisons

On the men's side, basketball (347 schools) and cross-country (311 schools) have the highest participation in NCAA Division I, while wrestling (76 schools) and lacrosse (71 schools) have the lowest. All members in the Big Ten sponsor football, basketball, wrestling, and golf. Men's Lacrosse has the lowest participation in the Conference with 5 members. Johns Hopkins, as an affiliate member, brings that total to 6.

For women, basketball (345 schools) and cross-country (344 schools) again have the highest participation in Division I. In addition, soccer, tennis, indoor and outdoor track, and volleyball all have over 300 schools competing in those sports. Gymnastics (61 schools) and field hockey (79 schools) have the lowest participation numbers. Basketball, golf, soccer, softball, tennis, and volleyball are sponsored by all members of the Big Ten. Lacrosse has the lowest participation at 6 members. Johns Hopkins' participation brings that total to 7.

## Rutgers Transition to the Big Ten

As stated, in 2012 the Big Ten Conference announced its expansion, with Rutgers and Maryland joining the Conference in 2014.

### Original Entrance Agreement

It was agreed that for the first six years of membership, the Big Ten Conference would pay Rutgers an amount equal to its projected distributions from the Big East/American Athletic Conference for those six years. After those initial six years, RU would receive full distribution the same as all other Big Ten schools. This was essentially the same agreement that was reached with both Nebraska and Maryland.

Actual distributions for those first six years were/are estimated as follows:

Year	Distribution
2015	\$8,645,986
2016	\$9,043,606
2017	\$9,442,178
2018	\$9,841,721
2019	\$10,242,246
2020	\$10,643,801

### Initial Advance of Future Distributions

In addition to the above, the Big Ten agreed to advance an additional \$10M against future distributions, to be distributed as follows:

- 2019 \$3M
- 2020 \$7M

These advances reduce future distributions as follows:

- 2021 Reduction/repayment \$6M
- 2022 Reduction/repayment \$4M

### Additional Advances from the Big Ten

In 2017, the Big Ten agreed to additional advances totaling \$38M, as follows:

- 2018 \$14M
- 2019 \$13M
- 2020 \$11M

These advances will be repaid and further reduce future distributions beginning in 2021 and continuing through 2026.

### **Total Distributions for the first six years**

Adding the above advances to scheduled distributions, the totals received by Rutgers from the Big Ten through 2020 were/will be as follows:

<b>Year</b>	<b>Total Distribution</b>
2015	\$8,645,986
2016	\$9,043,606
2017	\$9,442,178
2018	\$23,841,721
2019	\$26,242,246
2020	\$28,643,801

### **Projected Distributions with Repayment of Advances**

The following provides projected conference distributions beginning in 2018. The 2018 numbers are taken from a June article in SB Nation. Future projections include a 3% annual increase from that 2018 number. Rutgers' estimated share for each year reflects the reductions noted above. The distribution estimate also includes a onetime deduction for the Rose Bowl/CFP in 2021. Rutgers' first year with a full distribution is projected to be 2027.

<b>Year</b>	<b>Full Distribution Estimate</b>	<b>Rutgers Estimated Distribution</b>
2018*	\$50,000,000	\$23,841,721
2019	\$51,500,000	\$26,242,246
2020	\$53,045,000	\$28,643,801
2021	\$54,636,350	\$43,705,600
2022	\$56,275,441	\$46,029,566
2023	\$57,963,704	\$48,941,204
2024	\$59,702,615	\$50,970,215
2025	\$61,493,693	\$53,055,193
2026	\$63,338,504	\$56,178,379
2027	\$65,238,659	\$65,238,659
2028	\$67,195,819	\$67,195,819
2029	\$69,211,694	\$69,211,694

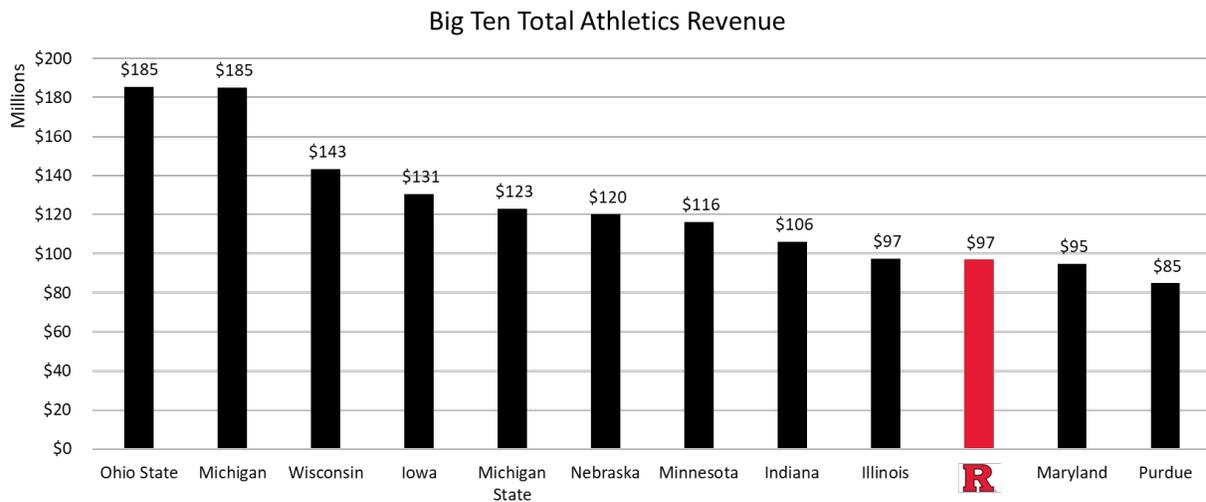
*\*Source <https://www.sbnation.com/college-football/2018/6/22/17492302/big-ten-distribution-payout-2018>*

## Revenue Benchmarking

CSS researched information for revenue and debt using the NCAA Institutional Performance Program (IPP) and published Big Ten budget comparisons. The NCAA IPP system data is shown at the 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentile with a definition for each category following its related chart. The most recent data available from the IPP system is FY17 and includes information for the Peer group as well as the Big Ten (all 14 members). Data for Big Ten budget comparisons is provided for all conference members with the exception of Penn State and Northwestern.

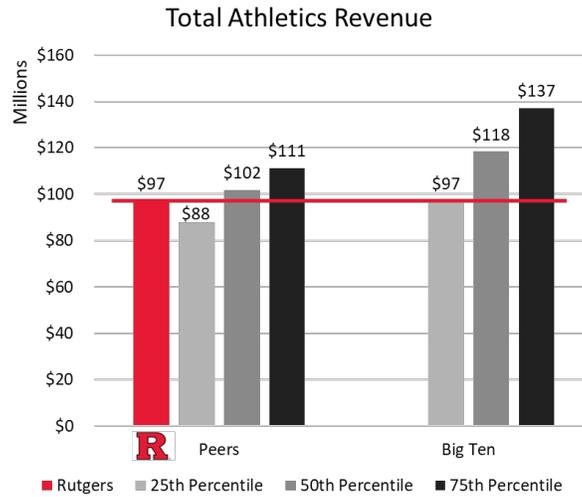
### Total Revenue

For FY17, Big Ten revenues from all sources ranged from \$185M (Ohio State and Michigan) to \$85M (Purdue). Rutgers ranked 10<sup>th</sup> at \$96,883,027, with 34% of Rutgers' "revenues" (\$33 million) emanating from direct institutional support and student fees.



Source: Big Ten 2017 Budget Comparisons

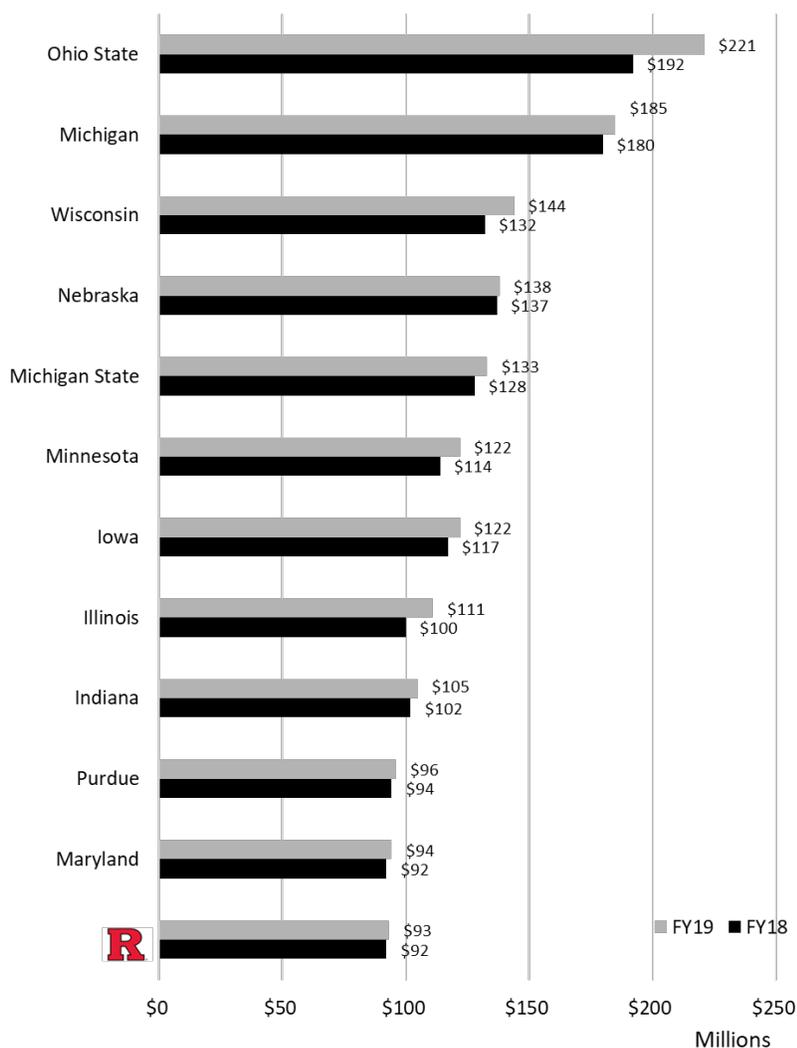
When compared to the Peer group, Rutgers total athletics revenue is slightly below the 50<sup>th</sup> percentile of \$102M.



*This category identifies total athletics revenues.*

The following chart, prepared by the Big Ten Conference, shows that FY18 and FY19 expense budgets will continue to rise. The average FY18 budget (excluding Northwestern and Penn State) is \$123M with a rise to \$130M by FY19. The FY19 projected expense budget for Rutgers will be the lowest in the conference.

## FY18/FY19 Big Ten Budgets



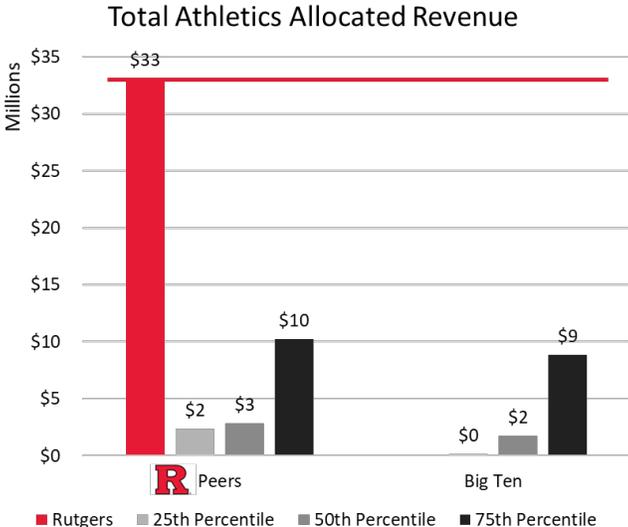
### **Allocated Revenue**

Allocated revenues, as defined below, are provided in many different ways from institutions throughout the country. These allocations are influenced by many factors, including state laws, system and institutional policies, and of course characteristics unique to each school.

The definition of allocated revenue includes, but is not limited to:

- Direct Institutional Support
- Indirect Facility and Administrative Support
- Athletic Facilities Debt Service, Lease and Rental Fees
- Student Fees
- Direct and Indirect Government Support

Rutgers’ allocated revenue in FY17 totaled \$33M. This amount significantly exceeded that of both the Big Ten and Peer institutions. The allocated revenue includes \$21,320,750 (22%) classified as Direct Institution Support and \$11,766,728 (12%) in Student Fees.



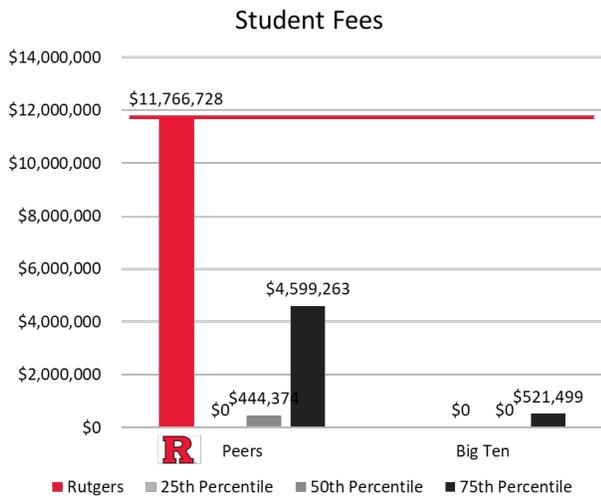
*This category identifies all revenues that are allocated support for the athletics department for participation in athletics (for example, student activity fees, direct government support, direct and indirect institutional support, less transfers, etc.)*

The Direct Institutional Support as noted above was inclusive of:

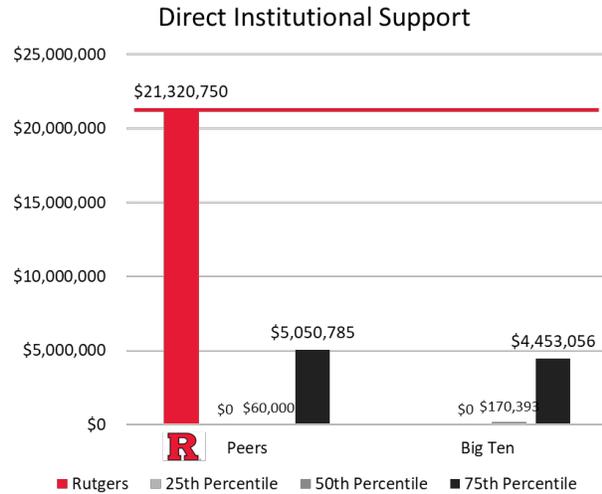
- Cash subsidy of \$12,626,218 which includes approximately \$2M of Title IX funding
- Out-of-State Tuition Waivers of \$3,494,617
- State Fringe Benefit support of \$5,199,915 for 23 athletic department employees, which is passed through from the State of New Jersey

As a note, per the current auditor recommendation, the above funding for State Fringe Benefit support will be classified in future years as Direct and Indirect Government Support. Using the FY17 figures, that would adjust the Direct Institutional Support figure to approximately \$16M, still higher than the Big Ten and Peer groups.

In the Big Ten, the next highest totals in institutional support are Minnesota and Maryland at approximately \$14 million, after which there is a significant drop to just over \$3 million (Illinois). Ohio State, Nebraska, and Purdue receive no direct institutional support for athletics. The conference average, counting both direct institutional support and student fees is just under \$5.2 million.



*This category includes student fees assessed and restricted for support of intercollegiate athletics.*



*This category includes direct funds provided by the institution to athletics for the operations of intercollegiate athletics including:*  
 - Unrestricted funds allocated to the athletics department by the university (e.g. state funds, tuition, tuition waivers, transfers).  
 - Federal work study support for student workers employed by athletics. - Endowment unrestricted income, spending policy distributions and other investment income distributed to athletics in the reporting year to support athletic operations.

Rutgers reported \$0 for the following other sources of allocated revenue including:

- Indirect Facility and Admin Support
- Indirect Institutional Support
- Direct State or Other Government Support

As previously noted, in future years the pass-through from the State of New Jersey for fringe benefits for 23 athletic department employees will be classified as **Direct and Indirect Government Support**.

#### Comparison to years prior to Big Ten

In an effort to make comparisons to allocated revenue prior to announcement of entry in the Big Ten, CSS looked at FY12 and FY13. Student fees represented 13-15% of athletic department revenue during those years. Interestingly, direct institutional support during those two years represented 29% and 47% of department revenues respectively. See the chart below.

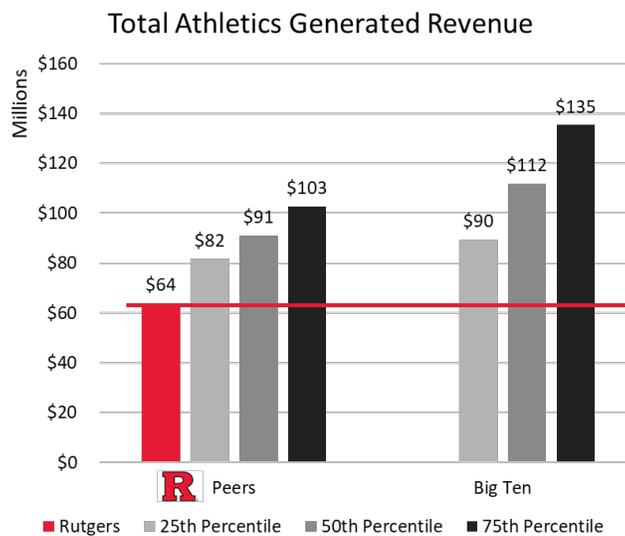
	Direct Institutional Support	% of Revenue	Student Fees	% of Revenue	Total Revenue
FY12	\$ 18,462,023	29%	\$ 9,518,734	15%	\$ 64,038,720
FY13	\$ 37,106,107	47%	\$ 9,877,989	13%	\$ 78,989,475

## Generated Revenue

Generated revenue is defined as that revenue generated by Athletics. Those sources include, but are not limited to:

- Contributions
- Ticket Sales
- Royalties, Advertising, & Sponsorships
- Game guarantees
- Conference and NCAA Distributions
- Broadcast rights
- Endowment and investments
- Third party revenue
- Camp income
- Other external revenue areas

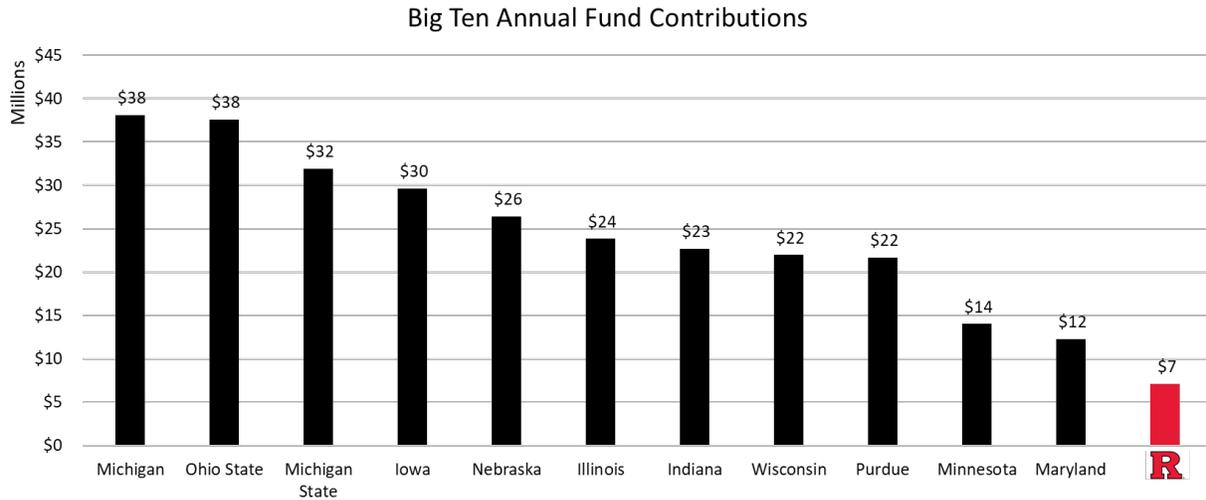
Rutgers reported \$64,795,549 in generated revenue in FY17. This is below the 25<sup>th</sup> percentile for both benchmark groups, trailing the 25<sup>th</sup> percentile in the Big Ten by \$26M and the Peers by \$18M.



*This category identifies all revenues that are earned by the athletics department for participation in athletics (for example, ticket sales, alumni contributions, licensing, etc.)*

## Contributions

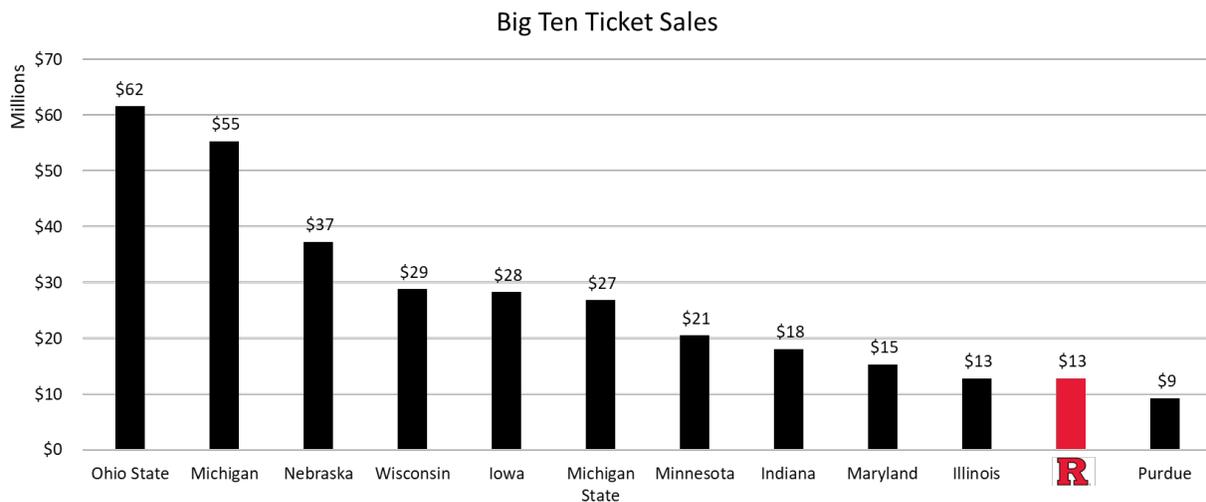
Rutgers Athletics' major gift success, which has focused on improved facilities, is already evident on campus. However, its annual fund lags far behind its peers. The school ranked last in 2017 annual contributions at just over \$7M. Ohio State and Michigan lead the conference at roughly \$38M. The Big Ten average of the twelve institutions is \$23.9M.



Source: Big Ten 2017 Budget Comparisons

## Ticket Sales

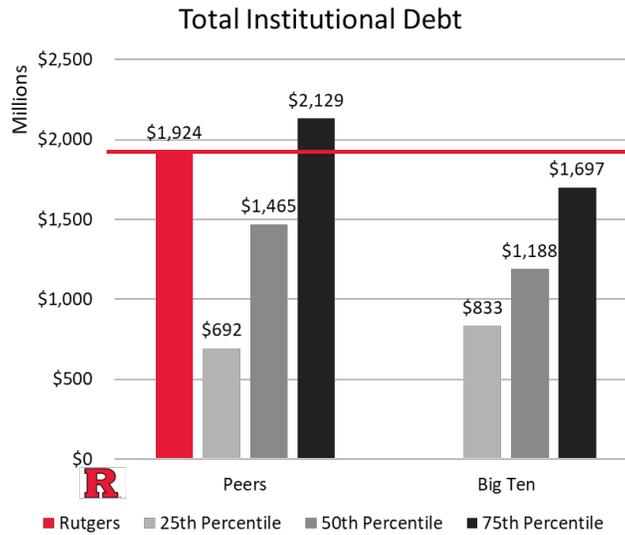
In 2017 ticket sales for all events, Rutgers ranks 10<sup>th</sup> of 12 in the Big Ten, with a total of \$12.8M, well ahead Purdue and just behind Illinois. Maryland is next at \$15.3 million, while Indiana (\$18M) and Minnesota (\$20M) follow. The conference average of these institutions is \$27.2M.



Source: Big Ten 2017 Budget Comparisons

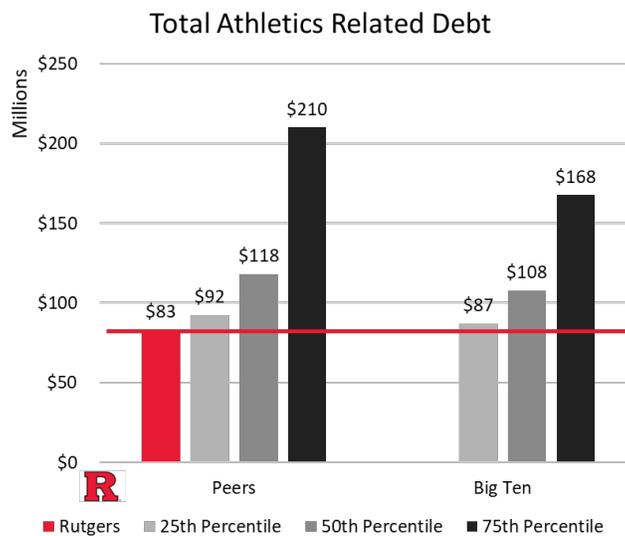
## Debt Benchmarking

CSS researched institutional and athletics debt in comparison to the two groups. Institutionally, Rutgers has a total of \$1.9B in debt, which, when compared to the Peers, is below the 75<sup>th</sup> percentile of \$2.129B. Compared to the Big Ten, Rutgers is above the 75<sup>th</sup> percentile, which is approximately \$1.7B.



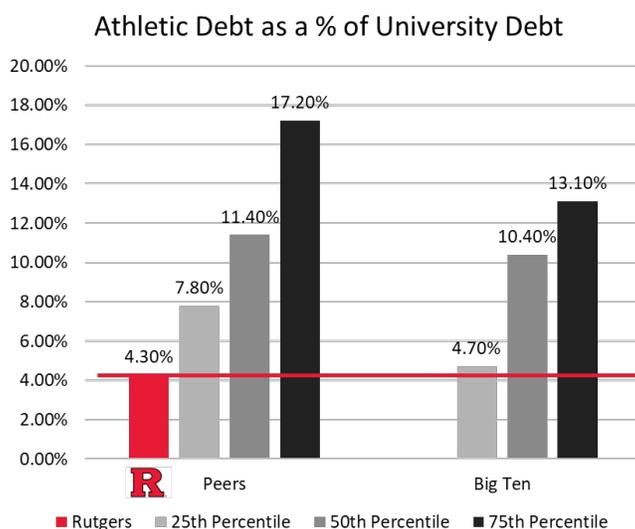
*This category includes the total value of institutional debt at the end of the reporting year. Athletics related debt is included in the total figure, regardless of the athletics department structure.*

In FY17, Athletics had a current total debt of \$82.87M. This is close to the 25<sup>th</sup> percentiles of both the Peers (\$83M) and the Big Ten (\$87M).



*This category includes value of athletics debt at the end of the reporting year. Data Note: The amount submitted in this category is not included in the sum total of athletics expense.*

When athletics debt is calculated as a percentage of university debt for FY17, Rutgers' 4.3% falls 3.5% below the 25<sup>th</sup> percentile of the Peers (7.8%) and near the 25<sup>th</sup> percentile in the Big Ten (4.7%).



*This category compares the percentage of athletics debt as a percent of university debt. Data Calculation: Athletics debt/University debt*

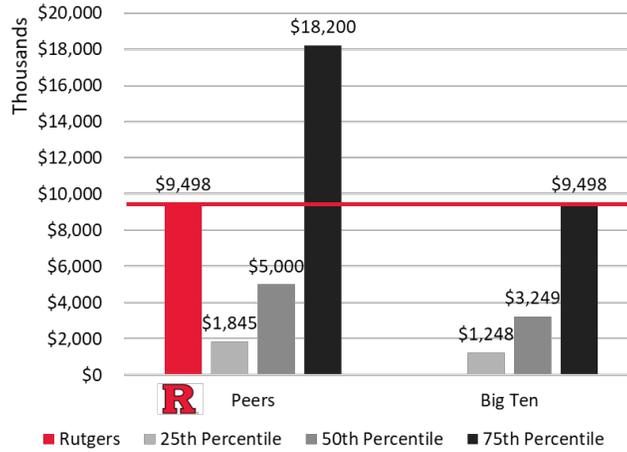
### **Debt to the University**

Currently the department has two primary sources of debt to the University those are:

- Capital expenditures for football stadium improvements (\$80.1M) and the Athletic Performance Center (\$30.8M), at an interest rate of 4.75%. The Stadium debt is scheduled to be retired in FY2039 and the Athletic Performance Center debt in FY2043. The total debt (principal and interest) less institution funding and projected gifts is estimated at \$144.6M.
- Transitional expense and operating deficits for FY17 and FY18 totaling approximately \$43.4M (principal), at an interest rate of 5.75%.

In FY17, athletics had capital expenditures in its operating budget of \$9,497,568 for athletically related in-progress construction projects. These costs will transition to athletic debt once the projects are completed. When compared to the Peers, Rutgers fell between the 50<sup>th</sup> and 75<sup>th</sup> percentile in this category of annual capital expenditures. This is somewhat misleading however, as this number can vary greatly from year to year. In the Big Ten, Rutgers was at the 75<sup>th</sup> percentile.

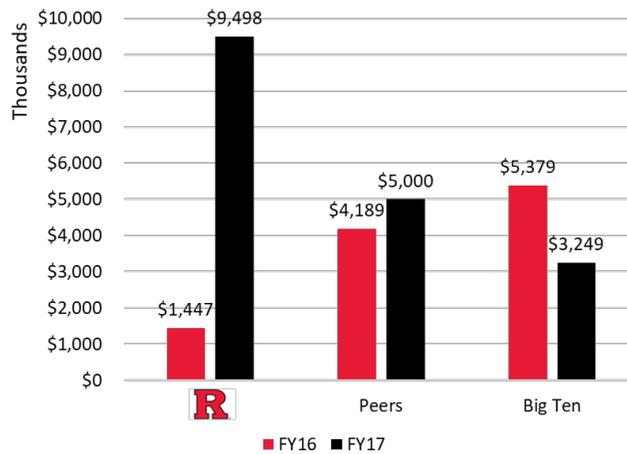
### Total Athletics Related Capital Expenditures



This category includes cost of athletics related capital expenditures for the reporting year.

Historical data for this category was only available for one previous fiscal year within the NCAA IPP system, data collection for this category begin in FY16. The following chart shows Rutgers in comparison to the 50<sup>th</sup> percentile of the benchmarking groups over two fiscal years. In FY16 Rutgers expenditures were \$1,447,493 falling below the 50<sup>th</sup> percentile of both benchmark groups.

### Total Athletics Related Capital Expenditures (50<sup>th</sup> Percentile)



This category includes cost of athletics related capital expenditures for the reporting year.

## Financial Assistance Benchmarking

The following summarized research on various assistance programs utilized at Division I institutions to help with athletics operating budget issues.

### Tuition Waivers

#### **University System of Georgia: Presidential Tuition Waiver**

The Georgia Board of Regents has a policy allowing for Presidential Waivers for out-of-state students across all state institutions. This include athletics. Presidential waivers at the University of Georgia (UGA), Georgia Tech, and Georgia State (all FBS institution) may not exceed (4%) of the equivalent full-time students enrolled at the institution in the fall term immediately preceding the term for which the out-of-state tuition is to be waived. Georgia Southern University, the other FBS institution in the state, is limited to 2%. Waivers to student-athletes shall not exceed one-third (1/3) of the total number of Presidential Waivers which the institution is eligible to offer.

Review of these four FBS programs, using the USA Today's NCAA Financial database, Georgia Tech, Georgia State, and Georgia Southern all reported school funds as a source of revenue. School funds included both direct and indirect support from the university, comprised of state funds, tuition, and tuition waivers. UGA did not utilize such support, which is likely explained by their strong position in and distributions from the SEC.

#### Policy: 7.3.4.1 Out-of-State Tuition Waivers

Source: <https://www.usg.edu/policymanual/section7/C453/>  
<http://sports.usatoday.com/ncaa/finances/>

#### **State of Washington: Gender Equity Tuition and Fee Waivers**

A State law passed in 1991 allows for gender equity tuition and fee waivers. Limited information was found regarding the value of these waivers at various state institutions. The following information is provided for the University of Washington and Washington State University.

- University of Washington: In FY14, athletics began funding 50% of the costs for the Gender Equity Fee Waivers at a cost of \$1.94M. The other 50% was funded through the state statute. (Source: Intercollegiate Athletics FY16 Budget Report and Financial Stability Plan Board of Regents Presentation June 9, 2016)
- Washington State University (2012): -The governing board may waive all or a portion of tuition and fees, not to exceed one percent, for the purpose of achieving or maintaining gender equity in intercollegiate athletic programs. During fiscal year 2012 gender equity waivers assisted approximately 163 students with a value of approximately \$2.7 million.

Statute: RCW 28B.15.460

Source: <http://app.leg.wa.gov/RCW/default.aspx?cite=28B.15.460>

### **Arizona Board of Regents: Tuition Waivers**

State institutions within Arizona receive tuition waivers. From an article dated 2014 it was noted that both Arizona and Arizona State receive 315 tuition waivers. From further conversation with a former athletic director within the state, Northern Arizona also receives waivers but at a lower rate.

Source: <https://arizonawildcats.com/sports/2014/5/22/209502660.aspx>

### **University of Montana System: Tuition Waivers**

In FY2017 the following institutions within the state system had tuition waivers. The University system as a whole was budgeted to give out \$43.6 million in institutional waivers as a whole for all types of recipients. The following was allocated for student-athletes. Montana, while not a FBS institution, is the flagship state institution.

- University of Montana: \$2.67M
- Montana State University: \$3.299M

Source: [https://missoulian.com/news/local/the-state-and-university-of-montana-give-tuition-dollars-to/article\\_96388162-fb1f-5ec0-ab93-0bdeae4f8c57.html](https://missoulian.com/news/local/the-state-and-university-of-montana-give-tuition-dollars-to/article_96388162-fb1f-5ec0-ab93-0bdeae4f8c57.html)

### **State Lottery**

#### **State of Oregon:**

Within the state of Oregon, lottery funding includes a sports lottery account with the distribution of revenues with 70% used to fund non-revenue producing sports. Of the total amount, 50% must be made available for women's athletics.

Seventy percent of the revenues in the fund shall be used to fund nonrevenue producing sports and 30 percent shall be used for revenue producing sports. Of the total amount available in the fund, at least 50 percent shall be made available for women's athletics. It appears funding was originally tied to a game called Sports Action. While this game is no longer available, the lottery does note funding for intercollegiate athletic scholarships. With the recent supreme court ruling, the Oregon Lottery Commission has expressed interest in sports-based play.

Source: [https://www.oregonlegislature.gov/bills\\_laws/archive/2001ors461.pdf](https://www.oregonlegislature.gov/bills_laws/archive/2001ors461.pdf)  
[https://www.oregonlottery.org/docs/default-source/commission-meeting/2018-commission-meetings/june-29-2018-commission-meeting/ex-1---approved-minutes-of-the-previous-meeting.pdf?sfvrsn=524031a7\\_4](https://www.oregonlottery.org/docs/default-source/commission-meeting/2018-commission-meetings/june-29-2018-commission-meeting/ex-1---approved-minutes-of-the-previous-meeting.pdf?sfvrsn=524031a7_4)  
<https://www.oregonlottery.org/beneficiaries/education>

## **Student Fees**

### **University of Arizona: Starts student Fee (Fall 2017)**

In the Fall of 2017, Arizona introduced a new mandatory student fee. The annual fee was \$100 for undergraduate students and \$50 for graduate students. Graduate students may opt out of the fee. The estimated yearly revenue is \$3.2M.

Source: <http://www.wildcat.arizona.edu/article/2017/04/incoming-students-face-new-100-mandatory-athletics-fee>

## Staffing Benchmarking

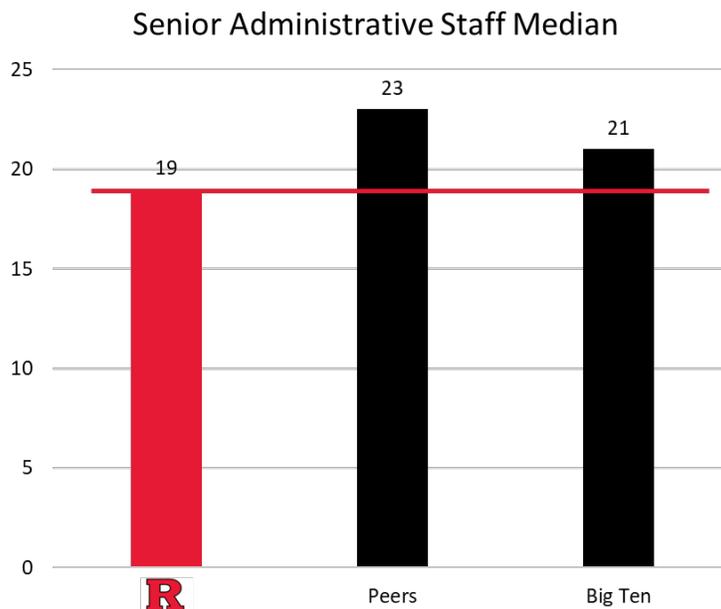
CSS researched athletic staffing for Big Ten and Peer institutions. Staffing was divided into the following four areas:

- Senior administration
- Student-athlete services
- External operations
- Internal operations

Data was gathered from the NCAA IPP system for FY17. To capture this information, CSS reviewed each athletic department staff directory. Staff were then divided into categories based on the department, with information provided for the 25th, 50th, and 75th percentiles rounded to the nearest whole number. CSS did not include student workers, interns, or graduate assistants.

### Senior Administration

This category includes the athletic director and all assistant athletic directors or above. Rutgers has 19 staff people who fall within this category in FY17. This falls four positions below the median for the Peers and two below the Big Ten median.



*Source: NCAA IPP System*

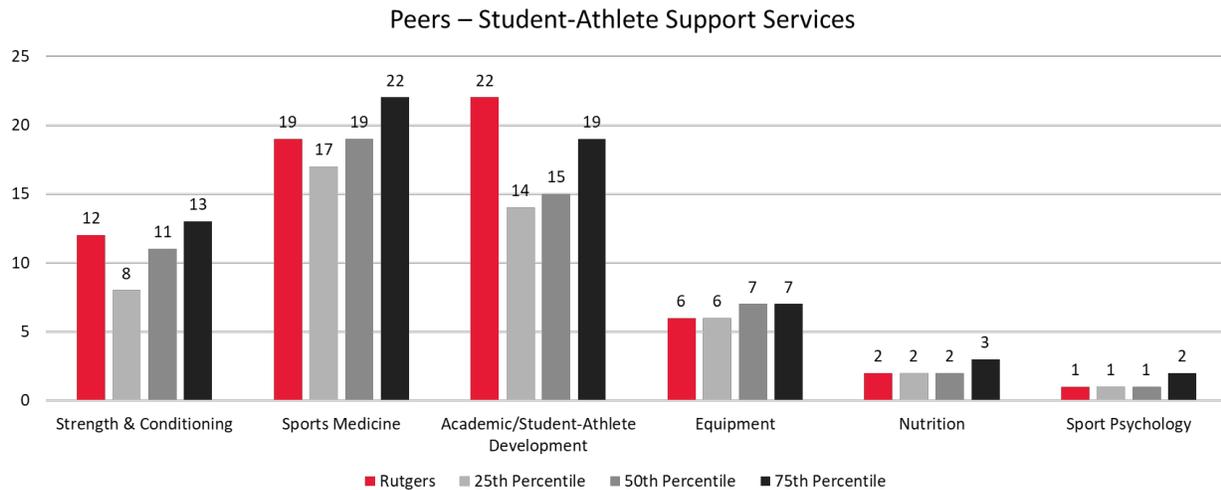
*This category is the sum total of your director of athletics, associate directors of athletics and assistant directors of athletics.*

## Student-Athlete Support Services

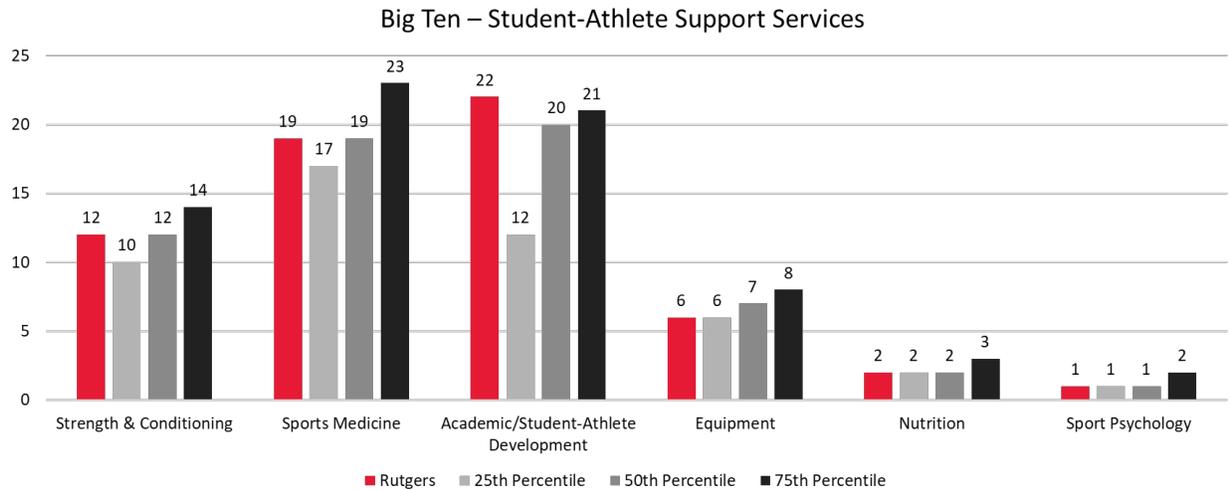
Student-athlete support services include the following:

- Strength & Conditioning
- Sports Medicine
- Academic/Student-Athlete Development
- Equipment
- Nutrition
- Sport Psychology

In these areas of direct service to the student-athletes, Rutgers had competitive staffing compared to both benchmark groups. Academic support and student-athlete services are reported as one category as many institutions report this as a combined department. At Rutgers, academic support and the Rutgers leadership academy are reported under this category. This is a strength for Rutgers, with staffing above 75<sup>th</sup> percentile. Sports medicine at Rutgers was at the 50<sup>th</sup> percentile. For count purposes, team physicians were excluded along with any fellowships noted. It is noteworthy that two institutions also had complete dining services in addition to nutritionist/dieticians on staff within athletics. All categories at Rutgers, with the exception of equipment, were at or above the median of the two groups. Equipment was one position below the median.



Source: Various athletic department website staff directories.



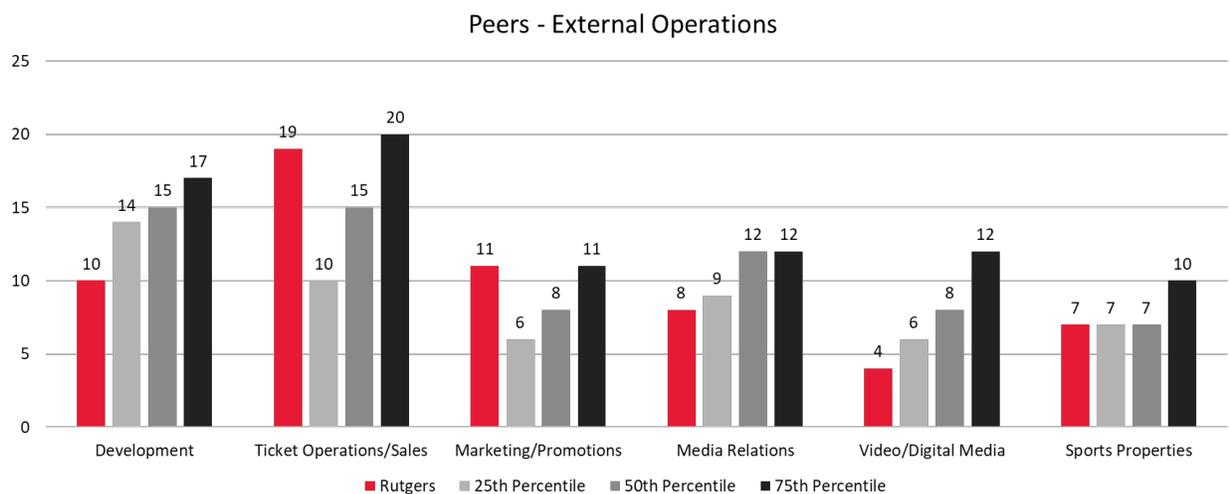
Source: Various athletic department website staff directories.

### External Operations

External operations is divided into six categories:

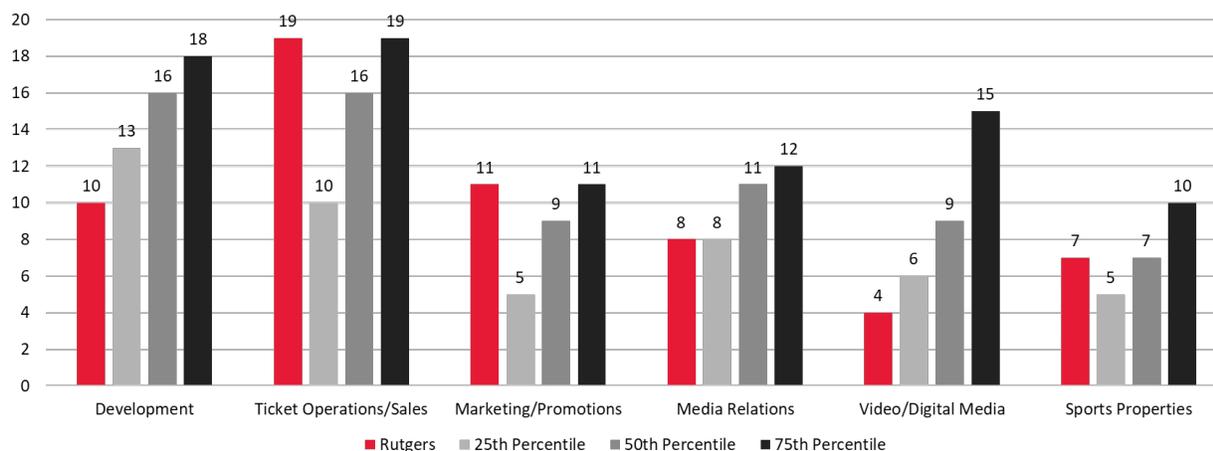
- Development
- Ticket operations/sales
- Marketing/promotions
- Media relations
- Video/digital media
- Sports properties

When compared to both benchmarking groups, Rutgers was consistently at or below the 25<sup>th</sup> percentile for development, media relations, and video/digital media. Conversely, ticket operations/sales and marketing/promotions ranked near the 75<sup>th</sup> percentile. Sports properties, which are typically outsourced, was at the 50<sup>th</sup> percentile.



Source: Various athletic department website staff directories.

## Big Ten - External Operations



Source: Various athletic department website staff directories.

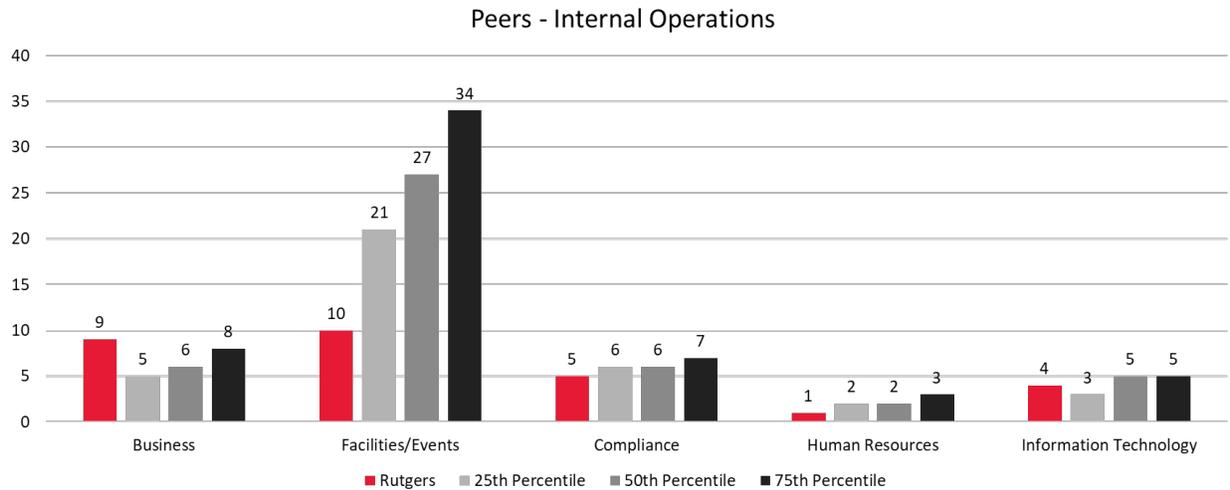
### **Internal Operations**

Internal operations include the following:

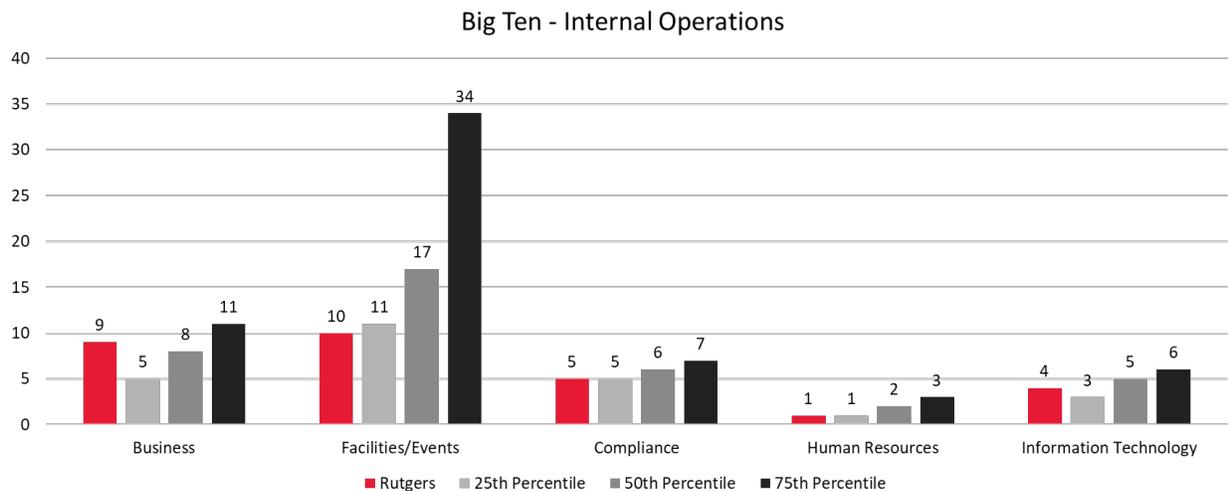
- Business office
- Facilities/events
- Compliance
- Human resources
- Information technology

Facilities/events, compliance, and human resources ranked below the 25<sup>th</sup> percentile for both benchmark groups. In the facilities/events category, institutions have a variety of operations, with some including capital planning/construction, as well as facility workers including technicians, electricians, custodians, etc. Those instances resulted in significantly higher staff counts compared to others. In general workers listed for specific facilities such as golf courses were not included within the count.

Information Technology at Rutgers was slightly above the 25<sup>th</sup> percentile, while the Business office at Rutgers was above the 75<sup>th</sup> percentile. Three Rutgers staff members are listed under both Business and Human Resources. Two were counted under the business office, and one under Human Resources. Only count one individual as HR and not three for Rutgers.



Source: Various athletic department website staff directories.



Source: Various athletic department website staff directories.

Although it is clear that Rutgers Athletics, particularly in administration, is by no means overstaffed (and in several areas is behind the staffing numbers of its Big Ten competitors), there may be opportunities to reduce staff expense and possibly become more efficient through one or more of the following changes/initiatives:

- Assimilate more administrative and support services staff into the university system. Those may include:
  - Additional academics support staff
  - Additional compliance staff
  - Additional fundraising staff
  - Medical and training staff
  - Marketing and promotions staff
  - Tickets and sales staff
  - Facilities Maintenance staff

- Streamline the organization through changes in reporting lines, with particular focus on a more vertical operation, having a lesser number of direct reports to the Athletic Director. This not only can help the organization become more efficient, but can also allow the Athletic Director more time to focus on those issues he believes to be of greatest importance to the success of Rutgers Athletics.

## Facilities

Rutgers, under the leadership of Athletics Director Hobbs, has made extraordinary progress in the last three years, including:

- Rutgers' 3-field, \$9-million football practice area, which is arguably among the best in the nation, and the new indoor Fred Hill Training Complex for baseball and softball practice, which is unique, innovative, and functional.
- The new \$60-million Rodkin Learning Center, which promises to be an outstanding setting for lacrosse, soccer, a new academic learning center, and badly needed administrative offices.
- The new \$115-million RJW Barnabas Health Athletic Performance Center (2019), which will be the new headquarters for men and women's basketball, gymnastics, and wrestling, complete with a basketball practice facility. Our understanding is that this Athletics Performance Center is the first major new athletics facility to be built at Rutgers in over 40 years.

Still, there is much to do to bring Rutgers facilities and infrastructure to competitive Big Ten standards:

- Highpoint.com Stadium, while laudable for its intimate viewing lines and proximity to the field, is in a state of disrepair. Concrete throughout the stadium is cracked, leaking, and unpainted. There are obvious unfinished, possibly valuable, spaces in many areas of the facility. The exterior walls and roofs in the stadium are painted in different shades of red. There is no comprehensive deferred maintenance program in place for the stadium.
- The Louis Brown Athletic Center (more commonly known as the RAC from its original name – Rutgers Athletics Center), although arguably an intimate and intimidating venue for contests, is in desperate need of updating, refurbishing, and infrastructure rebuilding.
- Currently, in both the football stadium and the RAC, there are minimal revenue generating opportunities beyond the sale of tickets, especially as compared to Big Ten peers. With the exception of the Audi Club, there are no suites and few substantive premium seating opportunities. This is particularly noteworthy in light of the obvious marketplace in which Rutgers is located and its attendant revenue opportunities in the Newark/New York City metropolitan area.
- Both the baseball and softball fields are significantly sub-par as Big Ten venues.
- Other areas for teams (locker rooms, team rooms, offices) and practice venues are currently sub-standard as compared to Big Ten peers. CSS understands that many of those needs are being addressed with new facilities under construction and in future facilities plans.
- Both golf programs are in need of a dedicated practice facility
- The Hale Center is in need of remodel/updating
- The Football practice bubble, which we understand was intended to be a temporary structure when built nearly twenty years ago, is obsolete compared to Big Ten peers.
- The outdoor track and field surface needs to be replaced

In addition, a review of Rutgers facilities by the Big Ten Network outlined the following priorities regarding connectivity and TV broadcast readiness:

- **All Venues:** Need to have CIC connectivity
- **Bainton Field (Baseball)**
  - Venue needs to install an IO panel for our MICR van to have power near facility

- Venue needs to have structures and platforms for BTN camera positions which includes a permanent CF platform at least 15-20ft high
- Venue needs to be pre-cabled
- Booth should be able to fit 6 BTN crew members (PXP, color, stats, stage MGR, camera, and an A2), a 12.8' x 7.5' backdrop, a camera and lighting for a talent booth shot. Should be located press area and protected from the elements
- **Rutgers Softball Complex**
  - Venue needs to install an IO panel for our MICR van to have power near facility
  - Venue needs to have structures and platforms for BTN camera positions which includes a permanent CF platform at least 15-20ft high
  - Venue needs to be pre-cabled
  - Booth should be able to fit 6 BTN crew members (PXP, color, stats, stage MGR, camera, and an A2), a 12.8' x 7.5' backdrop, a camera and lighting for a talent booth shot. Should be located press area, protected from the elements
    - Currently the back-stop is a chain link fence. This needs to be replaced with standard netting
- **College Ave Gym (Volleyball)**
  - Venue needs to install an IO panel for our MICR van to have power near facility
  - Venue needs to be pre-cabled
  - Venue needs to install 6 analog phone lines for production
- **Louis Brown Athletic Center (Gymnastics/Wrestling)**
  - Need a 10 pair BNC mult from announce table to truck panel IO
  - Venue needs to provide area on the floor for announcers, big enough to fit 6 BTN crew members (PXP, color, stats, stage MGR, camera, and an A2)
- **Yurcak Field (Soccer)**
  - Venue needs to be pre-cabled
- **High Point Solutions Stadium (Men's lacrosse championships are being held here in May 2019)**
  - Venue needs to be pre-cabled
  - Window frames need to be wider for game and high camera located in offices for mobility of a camera from left to right

## Title IX/Gender Equity

CSS provides this summary of current Title IX/Gender Equity law and practice in intercollegiate athletics.

### **The Law and Its Interpretation**

Interpretation of Title IX law as applied to intercollegiate athletics has evolved considerably over time. Areas of measurement include participation, financial aid, and other benefits such as equipment and supplies, scheduling, travel, academic services, coaching, competition and practice facilities, locker rooms, medical and training facilities and services, publicity, recruiting, and other support services.

### **Participation**

An institution may comply with Title IX by satisfying one of three prongs in the well-known three-part test. An institution's athletics program will be determined to offer nondiscriminatory participation opportunities if it can demonstrate one of the following:

- 1) Its intercollegiate athletics participation opportunities for male and female students are "substantially proportionate" to their respective full-time undergraduate enrollment;
- 2) It has a "history and continuing practice of program expansion" for the under-represented sex;
- 3) It is "fully and effectively" accommodating the interests and abilities of the under-represented sex.

The following excerpt is taken from *Equity and Title IX in Intercollegiate Athletics: A Practical Guide for Colleges and Universities — 2012* regarding proportionality:

*A school can demonstrate compliance with the first part of the three-part test if it can show that the athletics participation rate of the under-represented sex is substantially proportionate to the school's full-time undergraduate enrollment. The OCR has refused to define "substantially proportionate" using concrete percentage points, but rather has stated that it is to be determined on a case-by-case basis. Accordingly, institutions are left to their own best judgment when deciding whether their numbers are "substantially proportionate." In addition, the fact that OCR offices and courts throughout the country have interpreted this requirement in slightly different ways only continues to complicate the process. The 2005 Clarification Letter recognized that there have been differences in enforcement and pledged to enforce the law in a more uniform fashion in the future.*

*Although federal courts have approved settlement agreements in cases with participation variances as great as 5 percent (ranging back to the 1990s), the OCR, through its 1996 Clarification, has taken a more conservative approach. It cites the following examples of substantial proportionality: (1) exact proportionality; (2) a disparity of 1 percent caused by an increase in the current year's enrollment after a year of exact proportionality; and (3) an institution's pursuit of proportionality over a five-year period and in the final year – when proportionality would otherwise have been reached – enrollment of the underrepresented sex increased so that there was a two percent disparity. While these examples are illustrative only, they suggest a more exacting standard than that set forth by the courts. At least one regional office stated informally that anything greater than one percent would raise red flags.*

*Of course, percentage-point disparities represent varying numbers of actual participants depending upon the overall size of the athletics program. Where there exists a disparity that translates into a number less than that required to field a viable team (in other words – not enough who have both the interest and the ability), the law provides that the program is in compliance and that an additional team need not to be added.*

*Finally, both the OCR and the courts have recognized that schools should be permitted to determine how they comply with this prong. Although strongly disfavored, schools may choose to implement a roster management system or eliminate programs instead of expanding opportunities to the under-represented sex. Such a practice will not, however, aid compliance under either the history or interest tests. Wherever possible, schools are encouraged to comply with the spirit of the law by adding opportunities for the underrepresented sex through the allocation of additional funding or by reallocating existing resources without eliminating viable programs for either sex.*

### **Other Benefits**

Institutions must “provide equal athletics opportunities for members of both sexes.” In order to determine whether a school provides equivalent athletics benefits and opportunities, the following areas are reviewed:

- a. Provision and maintenance of equipment and supplies;
- b. Scheduling of games and practice times;
- c. Travel and per diem expenses;
- d. Opportunity to receive tutoring and assignment and compensation of tutors;
- e. Opportunity to receive coaching, and assignment and compensation of coaches;
- f. Provision of locker rooms, practice and competitive facilities;
- g. Provision of medical and training services and facilities;
- h. Provision of housing and dining services and facilities;
- i. Publicity;
- j. Support services; and
- k. Recruiting.

### **Rutgers**

CSS has reviewed the 2013 Title IX Report issued by consultant Helen Grant. Also reviewed were the most recent EADA Reports (2014-15, 2015-16, and 2016-17). Those reports show a full-time undergraduate population ratio of approximately 50% men and 50% women for each of those years. Unduplicated student-athlete ratios for those years were as follows:

- 2014-15: 51.5% men and 48.5% women (317 men and 298 women)
- 2015-16: 51.6% men and 48.4% women (334 men and 313 women)
- 2016-17: 50.5% men and 49.5% women (323 men and 316 women)

These ratios would indicate substantial compliance with the first prong of the three-prong test relative to participation.

As to financial aid, the numbers allocated to men and women student-athletes were as follows:

- 2014-15: 52% men and 48% women (\$5.92M men and \$5.39M women)
- 2015-16: 53% men and 47% women (\$6.78M men and \$6.11M women)
- 2016-17: 51% men and 49% women (\$6.51M men and \$6.37M women)

These ratios, at least as to the latest year (2016-17), would also indicate substantial compliance. If Rutgers makes any future decisions regarding sports sponsorship, it will need to do so with careful consideration of and accounting for the effect of such decisions on these participation ratios.

As to the additional metrics typically reviewed in relation to Title IX compliance, we would note that it appears Rutgers has made and continues to make strong efforts to provide all student-athletes with a comparable experience in all areas.

We do note that there may be inequities in areas such as locker rooms, team rooms, and practice areas/times, but it appears those possible inequities are not the result of policies, processes, or procedures that are inherently or by design unequal. Rather, most of those reflect space issues that are clearly present, especially with those teams that are housed in some manner in the RAC. There is an ongoing plan to remedy those possible inequities, and the opening of the new Rodkin Learning Center and RJW Barnabas Health Athletic Performance Center will be much-needed additions to address many of these issues.

## Research on the Effect of Athletics on Universities

Decades of research have shown that athletic programs impact universities beyond athletic department balance sheets, particularly when football and men's basketball programs achieve levels of success at the conference or national level. From increasing applications and enrollment to the advertising effect of games on local and national television, the qualitative factors are numerous albeit difficult to quantify. We provide herein a summary of the research that does exist in this area and the long-term impact that successful programs can have at Rutgers.

### Admissions and Enrollment

The "Flutie Effect" is perhaps the most widely known positive impact football can have on a university. In 1984, Boston College's Doug Flutie threw a 48-yard touchdown pass as time expired to defeat then football powerhouse University of Miami. The game was nationally televised and the pass received extended national coverage. Flutie went on to win the Heisman Trophy and Boston College experienced a 30% increase in applications (McEvoy 2006).

Since then, the Flutie Effect has been observed at numerous universities following a winning season, particularly one that culminates in a postseason game. For example, in 1995 Northwestern had a ten-win season and appeared in the Rose Bowl, and the following year applications rose by 21%. The previous year, Penn State experienced a 15% increase in applications following its Rose Bowl appearance.

In more recent years, Boise State and TCU have both experienced the afterglow of football success. From *Saturday Millionaires: How Winning Football Builds Winning Colleges* (author Kristi Dosh is part of the CSS team):

*Boise State experienced spikes in applications following both its 2007 and 2010 Fiesta Bowl appearances which led to increased enrollment. A 9.1 percent increase in applications after the 2007 bowl game resulted in a 4 percent increase in enrollment the following fall, the first time enrollment had ever exceeded 19,000 students.*

*The story was similar after Boise State's 2010 Fiesta Bowl win. A 5.6 percent increase in enrollment led to the largest enrollment in school history.*

A study by Chung in 2013 detailed TCU's experience, finding applications doubled from 2000 to 2008, following increased success by the football team. Chung concluded, "when a school goes from being mediocre to being great on the football field, applications increase by 18.7 percent. To attain similar effects, a school has to either decrease its tuition by 3.8 percent or increase the quality of its education by recruiting higher-quality faculty who are paid five percent more in the academic labor market."

No doubt, one of the best case studies in recent years with regards to the impact of football success is Alabama. When Nick Saban arrived in Tuscaloosa to become the head coach of the football program, Alabama's enrollment was 25,580. By the fall of 2017, that number was 38,563.

The university put out a statement in 2017, ten years after Saban's arrival on campus applauding his contributions:

*The University's tremendous growth began about 14 years ago. Since that time, we have almost doubled enrollment, while also increasing the quality of our student body. This year more than 40 percent of our 7,559 freshmen scored a 30 or higher on the ACT, placing them in the top five percent in the country. The publicity and excitement generated by the legendary performance of Coach Saban and his teams over the last 10 years has certainly enhanced our efforts to recruit outstanding students by showcasing our commitment to excellence and our emphasis on success, both on and off the field. (Sharp, 2017)*

Appearances in the NCAA Division I Men's Basketball Tournament, particularly deep runs and national championships, have similar positive impacts on universities in terms of admissions and enrollment.

A number of schools have seen the impact firsthand in recent years, including Butler, Florida Gulf Coast, George Mason, Loyola, VCU and Villanova.

Butler experienced an increase in applications of 41% following its run to the 2010 title game. George Mason saw a 54% increase in out-of-state applications following its 2006 Final Four appearance. Even Central Connecticut, who made it only to the first round of the 2000 tournament experienced a 12% increase in applications.

More recently, Loyola, which defeated Kansas State to advance to the Final Four in 2018, only the school's second Final Four appearance in history, saw an immediate impact on multiple fronts. Requests for information from potential students rose 31% from March 1 – April 2 compared to the same time period in 2017. Loyola also saw a huge impact on its web traffic, with 91% of visitors to the site being first-time visitors. Donations to athletics increased 660% during that time period, and social media followers increased by 34% with an engagement increase of 1,676%.

Villanova, which won its second championship in three years, also saw huge increases in interest in the school and athletics. Web traffic on the university website was up 108% from March 11 – April 5, 2018 compared to the prior year. As of June 2018, Villanova.edu was averaging 40,000 visits per day, which rose to 175,000 during the title game.

No doubt, the increased traffic these deep tournament runs and championships produces directly impacts admissions. For the Fall 2016 incoming class, Villanova received 17,266 applications, which rose 21% for the following fall after its championship to 21,095.

As is outlined further below, studies show athletic success can have the largest impact on out-of-state student candidates. Additional impacts of this success that extend beyond admissions to donations and general awareness of the university are also explored further below.

### **Smaller measures of success still produce results**

Although postseason play historically has the largest impact (and we detail those studies herein), there is also research to support there are positive impacts that can be more reasonably obtained on a consistent basis.

A 2005 study found that number to be larger when in-conference winning percentage increased. A .250 increase in conference winning percentage was associated with a 6.1% gain in applications the following year. A decrease in winning percentage was found to produce a 0.4% decrease in applications (McEvoy 2005).

A study released in mid-2012 found that a large increase in wins (ie., three wins to eight), was followed by a 5% increase in applications (Anderson 2012).

McCormick and Tinsley (1987) hypothesized that schools with athletic success may receive more applications, thereby allowing the school to be more selective in the quality of students they admit. They used data on average SAT scores and in-conference football winning percentages for 44 schools for the years 1981-1984 and found evidence that football success can increase average incoming student quality.

In Devin G. Pope and Jaren C. Pope's 2009 study they summarized the previous research in a two-page chart attached as Appendix A. In short, the Pope's concluded that with regards to basketball:

*... schools which do well in basketball are able to recruit an incoming class with 1 to 4 percent more students scoring above 500 on the math and verbal SAT. Similarly, these schools could expect 1 to 4 percent more of their incoming students to score above a 600 on the math and verbal SAT.*

### **Student surveys**

Some of the most interesting research comes from student surveys. The Carnegie Foundation completed extensive polling of college applicants in the late 1980s and found prospective students were greatly influenced by the athletic reputation of universities. One question asked of students enrolled at Division I schools was, "When applying to colleges for admissions, how well informed were you about the intercollegiate football and/or men's basketball teams of the schools to which you applied?" Eighty-eight percent of males and 51 percent of females answered either "very well informed" or "moderately well informed."

In contrast, when asked, "When applying to colleges for admission, how well informed were you about the undergraduate education programs of the school to which you applied?" only 39 percent of males and 42 percent of females chose the affirmative answers (Sperber, 2000).

### **Impact on out-of-state students**

Some of the largest impacts found by many researchers were in relation to out-of-state students. A 2014 study by Devin and Jaren Pope concludes, “While a sports victory for a given school may not change the awareness of in-state students regarding its existence, the sports victory may present a significant shock in attention/awareness for out-of-state students.”

Florida Gulf Coast, which became the first No. 15 seed to make the Sweet Sixteen in 2013, saw its applications increase by 39% following its run, with applications from out-of-state students increasing by 68%.

VCU experienced a similar impact following a Final Four appearance in 2011 and a run into the third round in 2012. The 2008 freshman class at VCU was comprised of 92% in-state students. However, by the fall of 2012, that number fell to 85% as out-of-state applications and enrollment grew. The practical effect of this was \$3.4 million in additional tuition revenue in 2012, which would continue to mount over the years as those students continued at VCU (assuming they didn’t establish residency).

Alabama has seen one of the most dramatic impacts of athletic success on out-of-state interest and enrollment. In 2014, out-of-state students outnumbered in-state students for the first time in university history. According to Alabama’s Common Data Set report for 2017-18, 67.3% of the freshman class consisted of out-of-state students, and 59.5% of all undergraduates were out-of-state residents. Compare that to 2007-8, Saban’s first year as head coach, when only 33% of freshman were out-of-state residents, and only 23% of all undergraduate students hailed from out-of-state.

Given that out-of-state students at Alabama pay nearly \$20,000 more annually in tuition than in-state students, and that significant increase in out-of-state students quickly equals hundreds of millions in additional revenue.

The potential to reach out-of-state students has significant value for a public institution such as Rutgers where out-of-state tuition is currently \$8,154-\$9,060 more per semester for out-of-state student, depending on the student’s academic concentration.

These examples are particularly relevant to the University since, according to University’s own strategic plan, “A Strategic Plan for the New Rutgers” (2014), **“Rutgers attracts significantly fewer top out-of-state applicants than its peers and aspirational peers. Rutgers needs to balance its commitment to maintaining access for all qualified students with enhancing its ability to attract and retain the highest-achieving students from New Jersey and across the nation. Ultimately, improving the experience for all students once they enroll at the University is critical for retaining students and enhancing their progress through graduation as well as for improving alumni engagement.”**

The Strategic Plan states further: **“To manage our reputation, Rutgers must convey its message clearly by targeting specific, prioritized audiences with a disciplined, consistent, and ongoing communications program. By promoting achievements from across our communities, Rutgers’ reputation and stature will improve regionally, nationally, and internationally. Rutgers University–New Brunswick’s entrance into the Big Ten will improve the visibility of our athletic programs, and our membership in the Big Ten’s academic counterpart, the Committee on Institutional Cooperation—a consortium of 15 top-tier universities—will enhance our research and educational opportunities, further increasing the University’s prominence.”**

### **Donations**

Multiple studies have found a link between athletic success and an increase in giving to both the athletic department and the university. As with admissions/enrollment, the more success a program sees on the field, the greater the impact.

Boise State experienced a significant impact after its first BCS bowl appearance in the Fiesta Bowl in 2007. The university announced its first comprehensive fundraising campaign shortly after the appearance and exceeded its \$175 million goal by \$10 million by the end of the 2011 fiscal year (Dosh 2013).

The university used coverage of its Fiesta Bowl win in USA TODAY in direct mailing efforts to support a new business building (Micron Business and Economics Building). That mailer also directly resulted in a \$250,000 gift from an alumnus in California. In addition, then-head football coach Chris Peterson made a gift of \$150,000 to support the new building, inspiring a donor in Salt Lake City to match his donation (Dosh 2013).

The impact on giving of a winning record, a bowl game or a playoff appearance has been analyzed in several published studies. A particular study analyzed general giving at 167 institutions from 1973 to 1990 and found a bowl appearance led to giving increases of 40-54% (Baade and Sundberg 1996).

A subsequent study looked at 87 universities fielding Division I football and basketball teams and concluded alumni contributions per student rose 7.3% when the football team won a bowl game. (Rhoads and Gerking 2000).

A relationship has been found to exist absent bowl victories and national championships as well. A study in 2012 found donations increase significantly following a sharp increase in wins. Improving from three wins to eight wins correlated with a 28% increase in donations (Anderson 2012).

### **State Appropriations**

Beyond donations, studies have also found a positive correlation between college football and state appropriations for state universities. A 2003 study by Humphreys analyzed data from 570 public universities from 1976 to 1996 and found simply fielding an FBS football team produced larger appropriations. The author posited this could be because “...a big-time football program allows a universities’ administration, alumni and athletic boosters to produce political pressure more efficiently, because of the visibility of the team and the lobbying opportunities generated by home football games.”

The following chart, from Humphreys’ study, illustrates the relationship between total wins, bowl game appearances and “big game wins,” with an total possible increase of 9.5% in state appropriations.

Table 3: Average Annual Impact  
Percent Change in Real Annual State Appropriation

# Wins	Wins Only	+ Bowl	+ Big Win	+ Both
1	1.2%	–	3.6%	–
2	2.1%	–	4.5%	–
3	2.6%	–	5.1%	–
4	2.9%	–	5.3%	–
5	2.9%	–	5.3%	–
6	2.5%	7.0%	4.9%	9.5%
7	1.8%	6.4%	4.3%	8.8%
8	0.8%	5.4%	3.3%	7.8%
9	-0.5%	4.1%	2.0%	6.5%
10	-2.1%	2.5%	0.4%	4.9%

It is clear that wins alone are not enough to achieve maximum results, but can improve those results.

### **Advertising Effect**

The “advertising effect” describes the impact repeated advertising messages have on consumer behavior. Several studies have looked at the advertising effect televised games, media mentions and more have on a university from a broader perspective (e.g. impacting applications, enrollment, etc.). In addition, Butler University has commissioned two studies on the publicity value of its March Madness runs in 2010 and 2011, and Villanova has provided other anecdotal evidence on the record related to its recent basketball success.

### **Why is the advertising effect important?**

A study by Goff in 2000 examined the advertising effect with regards to Northwestern University and Western Kentucky University during the time period of 1991 to 1996. During this time Northwestern made a Rose Bowl appearance, WKU men’s basketball made the Sweet Sixteen and WKU women’s basketball made the Final Four. The study focused on coverage for both universities in eight leading newspapers: *The New York Times*, *Wall Street Journal*, *Washington Post*, *Boston Globe*, *Atlanta Constitution*, *Los Angeles Times*, *Chicago Tribune* and *The Christian Science Monitor*.

Goff found that articles about Northwestern increased by 185 percent in 1995, the Rose Bowl year. Similarly, articles about WKU jumped from “2 or 3 in typical years to 13 and 30 in 1992 and 1993 when the men’s and women’s basketball programs enjoyed atypical successes.”

The study found it wasn’t merely athletic success driving the coverage - it was athletics in general. In 1992, 70 percent of all articles written about Northwestern in the studied publications were about athletics. In contrast, just 5% of articles during that same time period were related to university research, despite Northwestern’s stellar academic reputation.

Goff underscores the importance of the advertising effect by concluding, “Athletics is an integral source of name exposure for almost every university and often the only frequent source of exposure for schools possessing little in the way of academic reputation.”

Following Butler’s runs to the men’s basketball title game in 2010 and 2011, the university commissioned media firms Borshoff and Meltwater to measure the media value of its runs. The studies found Butler’s 2010 run resulted in \$639.3 million in publicity value, including \$100 million alone for the CBS broadcast of the national title game. Butler’s 2011 run to the title game was valued at \$512 million. Both computations focused on television, print and online news coverage but failed to measure the value of radio broadcasts or talk shows, which would have driven the numbers even higher.

Sources:

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## Conclusion

The invitation to join the Big Ten Conference was one the institution could not refuse. The long-term benefits of Big Ten membership for the University as a whole are significant and immeasurable. Rutgers is an outstanding academic institution taking its place among a prestigious group of Conference institutions.

In terms of academics Rutgers was well prepared. However, its athletics programs were ill prepared for Big Ten competition. No feasibility study or gap analysis was performed. The school's athletic facilities were well behind those of other Big Ten schools, and its budget for athletics was substantially below the conference average.

In almost every important measure, Rutgers ranks near the bottom of the Conference. That includes generated revenue. In addition, the financial agreement negotiated with the Big Ten left Rutgers with six years of conference revenue distributions that were in essence the same as those received by Rutgers in its last year in the American Conference. In short, Rutgers was facing a substantial period of time where it would be competing in the Big Ten with significantly fewer resources than its conference competitors.

The first four years of competitive results have shown the following:

- Rutgers likely did not effectively accommodate, and did not prepare its faculty, students, alumni, state government, and various constituencies for the fiscal and competitive realities of joining the Big Ten, particularly in its first six years of membership.
- There was likely underestimation of the extraordinary initial expenses connected to Big Ten membership and the long-term deficit spending plan needed to reach competitive parity. This is even so with full vesting of membership in 2021, which, although substantial and at the highest levels of such FBS payouts, is tempered by the reductions noted herein, and will not immediately remedy all financial issues.

It is, however, CSS's belief that, despite understandable apprehension, this continued extraordinary investment in athletics will result in a substantial, game-changing upside for the future of Rutgers athletics and the university as a whole, a significant step in raising awareness of Rutgers and enhancing the school's image, while at the same time reducing athletics' dependence on University financial support.

This goal is consistent with the University's "A Strategic Plan for a New Rutgers," stated initiative to: "Transition Division 1 Intercollegiate Athletics into the Big Ten Conference. Intercollegiate athletics form a significant component of the Rutgers undergraduate experience on all of our campuses. Rutgers will remain committed to ethical athletic programs that sustain academic progress alongside competitive athletic performance for student-athletes. Based on a multiyear financial plan, Athletics will move toward financial independence from the University's general fund."

## Potential Funding/Budget Opportunities

CSS believes there are substantial opportunities for Rutgers athletics to partner with the University to both grow its revenue and develop a comprehensive enhanced funding plan for the future. Other FBS institutions across the country have utilized a number of ways to assist their athletic departments in creating meaningful, responsible, and competitive budgets.

## Revenue Production

CSS believes that revenue production can be meaningfully enhanced in a number of areas. These include, but are not limited to the following initiatives:

1. Seek new naming rights opportunities in conjunction with existing and new/renovated facilities and their components.
2. Improve multi-media rights contracts through re-negotiation, taking the rights in house, or taking the rights to the marketplace.
  - a. Consider partnering with the University to maximize multi-media rights revenue for both Athletics and the University.
3. Improve equipment and apparel contracts whenever possible.
4. Consider the sale of alcohol at competitive venues.
5. Increase revenue at basketball games through the renovation of all potential revenue-producing areas of the RAC, including the addition of premium seating and suites. Budget pro formas can show the long-term financial benefits of such investment.
6. Increase revenue at football games through the renovation of all potential revenue-producing areas of the football stadium, including the addition of premium seating and suites beyond the Audi Club. Again, budget pro formas will likely show that such an investment will produce a substantive positive return.
7. Increase ticket sales in the revenue-producing sports such as football and basketball with a new third party contract or by taking the operation in house. These efforts must include a major focus on outbound ticket sales, with commissioned sales staff.
8. Increase annual donations to Rutgers athletics through a revamped annual fund program aimed at bringing that program to a competitive Big Ten level.
9. Continue the major gift campaign to accomplish the following:
  - a. Improve existing facilities, and build new ones.
  - b. Grow endowments to provide an additional annual funding mechanism.
10. Consider booking more outside events, including E-sports, in the RAC once the RJW Barnabas Health Athletic Performance Center, with its basketball practice facility, comes on line.
11. Consider collaboration with the University on marketing initiatives with University vendors.
12. Inquire of opportunities for athletics revenue generation from legalized sports wagering.

### **Expenditure Reduction:**

1. Seek forgiveness or reduction of the principal and/or interest of current university loans to Athletics.
2. Continue to look for ways to incorporate ongoing athletic expenses into the University budget, thus providing non-cash support to athletics. Possibilities include:
  - a. Academics
  - b. Compliance
  - c. Fundraising
  - d. Medical and Training Services
  - e. Facilities Maintenance
  - f. Ticketing and Sales
  - g. Marketing and Promotions
3. Improve the function of the organization through adjustments in reporting lines and functions as discussed herein.
4. Seek additional tuition abatement for student-athletes.
5. Seek reduction of Development Office fee for major athletic department gifts.
6. Solicit state legislature and/or the University for support such as tuition abatement for athletics scholarships and/or Title IX Equity assistance.
7. Seek increase in the current student fee to support athletics.
8. Reduce the number of sport offerings.
9. Consider further negotiations with the Big Ten Conference relative to current and future advances.

It is understood throughout this process that Athletics must continue to demonstrate good faith to the university by designing and adhering to cost-conscious budgeting principles.

## Case Studies

### University of California, Berkeley

UC Berkeley as an institution has faced significant structural deficit. Funding for the institution has decreased significantly at the state level – from 33% of the university budget to only 12%. A tuition freeze and increased expenses have also contributed to the deficit. In FY16, the institutional deficit reached \$150M. Chancellor Carol Christ, who began her term in July 2017, made one of her top priorities a reduction in that institutional deficit. Since then, the deficit has been reduced to \$56M in FY18, with a goal of balancing the budget by FY20.

Intercollegiate athletics, like the institution, has also had a major budget deficit. The department carries one of the highest debt loads in the nation at approximately \$400M. A significant portion of the debt is attributable to the 2012 renovation of Memorial Stadium. That \$321M project included seismic upgrades as the stadium sits on the Hayward Fault. Currently, Cal has an annual interest-only debt service payment on the Memorial Stadium and Simpson Student-Athlete High-Performance Center projects of approximately \$18M. Principal repayment will begin in 2023-24. Annual payments will increase from \$26M in FY32 to \$35M in FY39. In addition, capital maintenance costs are estimated at more than \$50M over the next five years. Overall the athletic department has had operating deficits of \$22M in FY16 and \$16M in FY17.

In June 2016, Chancellor Nicholas Dirks, Christ's predecessor, charged the Task Force on Intercollegiate Athletics (TFIA) with assessing the costs and benefits, as well as the scale and scope of the intercollegiate athletics program. The resulting report ([http://chancellor.berkeley.edu/sites/default/files/tfia\\_report\\_june\\_2017.pdf](http://chancellor.berkeley.edu/sites/default/files/tfia_report_june_2017.pdf)) was released in June 2017.

In November of 2017, the Chancellor Christ announced that the university will assume a portion (54%) of the \$18M+ debt related to seismic retrofitting costs of the 2012 renovation of Memorial Stadium.

The chancellor has also noted that Cal will institute roster management to comply with Title IX and will stop the practice of adding women's teams whenever there is interest, as the institution now has 30 sports. At this point, no formal plans have been made to reduce the number of sports.

In her March 2018 letter to the Cal Berkeley community, Chancellor Christ outlined five strategies for athletics to reach its balanced budget goal by 2020:

(<https://news.berkeley.edu/wp-content/uploads/2018/03/Chancellors-Message-on-Cal-Athletics-2018.pdf>)

1. Campus assuming a portion of the debt for Memorial Stadium.
2. Review how funds transfer between intercollegiate athletics and the central campus ledger with a goal of simplifying the process.
3. Develop a plan to significantly increase revenues in intercollegiate athletics.
4. Increase philanthropic support.

5. Review the athletic departments size and scope, with the understanding that cutting sports would be a last resort.\*

\*Note: In 2010 Cal cut five sports with an estimated savings of \$4M annually. However, those sports were later reinstated following fundraising initiatives.

**Sources:**

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- <https://campaign.berkeley.edu/>

## University of Washington

In FY14-15, University of Washington Athletics saw a deficit of \$856K. That year, the institution received a one-time advance of \$7.3M from the Pac-12 for future MMR rights (July 1, 2025).

The following year, the department had a FSP projection of a \$14.8M deficit. The actual FY16 deficit was \$5.8M. At the same time the institution announced the hiring of Jennifer Cohen as its new athletic director. At that time, she noted three major areas contributing to the financial decline:

- Added student-athlete welfare costs
- A 15%, two-year decline in ticket sales
- \$17.5 million in debt payments for new facilities

At the June 2016 board of regents meeting, the department submitted a three-year plan to address the deficit. The department projected a deficit for 2017 and 2019, with an expected surplus in 2018. At the time the reserve fund was at \$30M.

The athletic department “athletic financial stability plan,” which began in FY16-17, focused on revenue enhancements, expense reductions, and debt restructuring, with the department reporting back on the plan on a semi-annual basis. The plan included the following:

- The department deficits would be fully covered from the athletic department reserve fund.
- ICA would reduce expenses by \$2 million in FY17 and explore additional future revenue opportunities before making any cuts that would negatively impact student-athlete welfare, competitiveness, and equity.
- There would be a temporary modification of the ILP loan covenant through FY19. Debt service payments at that time were \$17.5 million, as Husky Stadium and Husky Ballpark loans began to amortize. That modification included:
  - \$10 million minimum on the balance in the unrestricted reserve fund balance at all times
  - Reduction in the ILP interest rate which lowered annual debt service payments to \$16.2M.
  - Revisiting of the covenant in FY19
- Planned revenue enhancements included:
  - Launch a new fundraising campaign with a goal of raising an additional \$1.7 million annually.
  - Increased hospitality opportunities in Husky Stadium (expand beer/wine beer gardens)
  - Future apparel deal
  - Increased ticket sales through a variety of new packages and outbound efforts.

The Board approved the plan and reduced the unrestricted reserve fund balance requirement to \$10M.

In its April 2017 update, the department reported favorable revenue information beyond its projected figures, including:

- Gate revenue for football and women’s basketball projections were exceeded by \$2.8M and \$150K, respectively. This was somewhat offset by men’s basketball gate revenue, which was \$600K below projections, and a 5% city admission tax paid on increased ticket sales.
- The department’s fundraising team surpassed its year 1 campaign goals for annual giving and team support by \$3.0M.
- The department received \$2.6M in additional revenue from the Pac-12 related to the Peach Bowl and expanded network deals.
- Don James Center renewals were \$1.5M higher than initially anticipated. However, this DJC renewal revenue would be \$1.5M lower in FY18.

Expenses for the same period were over budget by \$4.9M. These additional costs were attributed to salaries, incentives and costs related to the Peach Bowl as well as costs related to the coaching change for Men’s Basketball.

The April 2018 update again showed positive results as to revenue production, \$2.87M more than projected. This was highlighted by:

- Increased football ticket sales.
- Single game ticket sales in men’s basketball.
- Significant year-end charitable giving, which more than offset the \$3M impact of eliminating Building for Excellence football donation (further described below).
- Increased conference revenue related to Fiesta Bowl expense reimbursement and ticket subsidy, plus \$250K in revenue share for having a second school in a New Year’s 6 bowl game.
- Endowment interest revenue that tracked higher than budgeted figures.

In FY18 the department also saw \$3.1M in additional expenses related to (1) performance bonuses for football, (2) Fiesta bowl costs, and (3) approximately \$900K in capital projects moved from FY19 to FY18. Overall the department projected a \$1.4M surplus for the fiscal year and will be finalized following the audit in October 2018.

The department also noted changes related to the tax code which had financial impacts including:

- Previously football season ticket holders paid a \$75 “Building for Excellence” donation with the purchase of tickets. Per the UW Tax Director, the department rolled the donation into the ticket price which will make those previously donated funds subject to fees and taxes anticipated to result in a \$450K decrease in revenue annually. Those taxes and fees include:
  - University overhead (9%)
  - City Admissions Tax (5%)
  - 2-3% credit card fees (as applicable)
- Excise tax on 5 highest paid employees (21% on compensation above \$1M)
  - Based on existing coaching contracts, the cost of this tax will be at least \$750K in FY19 and increase to over \$1M by FY23.
  - The tax would apply to incentive bonuses as well, which are difficult to predict.

In April 2018, the department announced a 10-year \$120M contract with Addidas for shoe and apparel sponsorship. The resulting agreement, and projections with the new contract, showed the department returning to their previous \$30M in surplus by FY22.

**Sources:**

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## University of Maryland

The University of Maryland athletic department, over multiple years in the Atlantic Coast Conference (ACC), had utilized athletic department (ICA) reserve funds to balance the budget when faced with an annual operating deficit. In FY11 the department withdrew the last of that reserve (approximately \$1M) to apply to that year's deficit. In July 2011, President Loh appointed a 17-member commission to review the athletics department financial health. That commission was charged to:

1. Review the finances and operations of ICA and make recommendations to (a) secure greater excellence in academics and athletics and (b) attain financial sustainability;
2. Make recommendations, considering of all options, on ways to increase ICA revenues and decrease costs, recognizing that longstanding budget issues may require a multi-year plan to implement changes and restore budgetary stability;
3. Be guided by the paramount commitment of ICA to the success of the student-athletes, to insure that (a) they are well-supported to succeed academically and in their careers after graduation, and that (b) they and every sponsored team are supported well enough to be consistently competitive at the highest Division I level;
4. Perform its work as strategically, transparently, and consultatively as possible;
5. Submit its report and recommendations to the President by November 15, 2011.

In its report, the commission reported that Maryland anticipated a deficit of \$4M FY2012 and more than \$17M by 2017. Contributors to the deficit included decreased revenue in major revenue generating sports, to wit:

- Football generated \$1.8M in FY11, approximately 50% of what it had generated just five years earlier.
- Men's basketball generated \$4.5M in FY11 compared to \$6.8M five years prior.

The commission made several recommendations on ways to balance the budget, including:

- Increased fundraising
- Minimization of administrative costs
- Elimination of 8 of the institution's 27 sports, effective July 2012. The sports identified were men's cross country, indoor and outdoor track, men's and women's swimming and diving, men's tennis, women's acrobatics and tumbling, and women's water polo.

Sports were identified for elimination based on: ticket sales/revenue production, competitive success, sponsorship at other institutions, and "history of the sport" at the university. All athletic scholarships and coaching contracts were to be honored through termination date. The commission's analysis suggested these cuts would save \$5M per year.

In July 2012, Maryland formally announced the cutting of 7 sports. Men's track and field was spared, based on the fact that \$888,000 of an established \$940,000 goal had been raised. The team would need

to continue to raise money – a total of \$1.88 million by Dec. 31, 2012. However, the squad size was reduced to only 14 student-athletes, roughly half of its previous roster size.

From FY12 to FY17 Maryland total revenues rose from \$68M to \$94M according to the USA Today’s College Financial database based on the revenue and expense reports collected from public NCAA Division I schools. This included a significant increase in the Rights/Licensing category of approximately \$25M.

Year	Ticket Sales	Contributions	Rights/ Licensing	Student Fees	School Funds	Other	Total Revenues
2017	\$15,291,690	\$12,281,532	\$48,250,773	\$12,036,503	\$2,547,156	\$4,473,703	\$94,881,357
2016	\$16,493,833	\$13,676,004	\$46,175,076	\$11,630,126	\$3,789,312	\$2,337,346	\$94,101,697
2015	\$16,010,850	\$11,077,557	\$47,325,265	\$11,632,008	\$2,914,403	\$3,726,045	\$92,686,128
2014	\$13,442,584	\$11,225,922	\$29,425,211	\$11,315,001	\$6,806,112	\$1,220,039	\$73,434,869
2013	\$11,838,389	\$10,730,829	\$23,822,031	\$11,181,286	\$4,287,999	\$1,853,936	\$63,714,470
2012	\$13,516,377	\$11,530,343	\$23,778,567	\$11,064,475	\$6,179,609	\$2,073,289	\$68,142,660

During that same time the dependence on allocated revenue from the institution through school funds or student fees decreased by \$3M. In 2017, the athletic department received \$14M from those sources. Due to these changes, the department has become less reliant on the institution for revenue, as shown in the chart below. School funds, as noted by USA Today, include direct and indirect support from the university, state funds, tuition, tuition waivers, as well as federal Work Study amounts for student workers employed by athletics department. It also includes the value of university-provided support such as administrative services, facilities and grounds maintenance, security, risk management, utilities, depreciation and debt service not charged to the athletics department.

Year	Total School Funds + Student Fees	% of Revenues
2017	\$14,583,659	15%
2016	\$15,419,438	16%
2015	\$14,546,411	16%
2014	\$18,121,113	25%
2013	\$15,469,285	24%
2012	\$17,244,084	25%

Expenses during this time period rose from \$68M to \$94M. In 2014, the University of Maryland moved to the Big Ten Conference, resulting in the Atlantic Coast Conference (ACC) withholding \$15 million of Maryland’s revenue distribution. The related lawsuit filed by the ACC to enforce a \$52 million exit fee was settled for approximately \$31 million. The institution provided a \$31 million loan to Athletics to cover that settlement. The department has a plan to become self-sufficient by 2020 and to pay back the loan.

In June 2018, President Loh noted multiple financial achievements, including:

- A \$72M multimedia rights agreement.
- Revamped the athletics budget and financial operations, resulting in an operating surplus.
- Funding and construction strategy for the new Cole Fieldhouse.

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